

## An ounce of prevention

*In early August Capital and Coast District Health Board CEO Ken Whelan resigned, saying he couldn't cut costs any more.<sup>1</sup> National Executive Officer of the Public Health Association Dr Gay Keating argues that hospital treatment is so expensive that we should invest in well-resourced programmes to promote health and save people going to hospital in the first place as a way to save District Health Boards millions of taxpayer dollars. With DHB elections coming up, Dr Keating urges voters to look for the candidate who will act to prevent illness and injury, rather than talk about more hospital beds.*

*A pound of cure:* Four years ago, \*Tim Langburn was told his kidneys were history. He had lost his 27-year battle with diabetes and faced daily dialysis for the rest of his life.

The financial burden has also been just as crushing. Complications from the illness mean Tim can no longer work, and his wife Sue is now the major breadwinner. But she frequently has to take unpaid leave when he's in hospital.

Tim says if he had been given more advice and support along the way, things may never have become this bad. But it's not just Tim and Sue who pay the price for that.

Every New Zealand worker pays because the one-in-three hospital beds<sup>2</sup> occupied by someone who need not have got that sick is funded by the taxpayer. And the cost is even greater because people like Tim cannot work or produce to their full potential. In 2005, for instance, the tangible costs of smoking to New Zealand were close to \$2 billion<sup>3</sup> – more than one percent of our GDP. This figure included lost production and the costs of treating people with smoking-related illnesses.

*An ounce of prevention:* In its 2006-12 district strategic plan, the Capital and Coast District Health Board wrote: "There is never enough funding for the services that could be provided and we have to live within the funding we have. We always look for a better way to use the funding we receive from Government so that we can deliver more with our existing budget."<sup>4</sup>

There are many ways to change the health sector around to save money, and the favourite of district health boards is to cut services. Earlier this month, after Capital and Coast CEO Ken Whelan had said on resigning, that there was no room left for any more cutting, it was announced home help for many elderly would go.<sup>5</sup>

But no amount of health services cuts will be as effective as investing in programmes that stop people getting ill in the first place, keeping them out of hospital.

During 2006-07 the Ministry of Health spent \$160 million<sup>6</sup> on such programmes. That sounds a lot until you hear that in the same year it cost almost twice that – \$311m<sup>7</sup> – just to treat hospital patients with diabetes.

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<sup>1</sup> <http://www.stuff.co.nz/national/politics/3996209/i-can-t-cut-any-more-says-outgoing-dhb-boss>

<sup>2</sup> WHO Commission on Macroeconomics and Health Support Unit, *Investing in Health ; A summary of the findings of the Commission on Macroeconomics and Health* WHO Geneva (and cited in the PHA submission to the Finance and Expenditure Committee on the 2009 Budget Policy Statement)

<sup>3</sup> O'Dea. D. (2007) *Report on Tobacco Taxation in New Zealand*. Report commissioned by the Smokefree Coalition and ASH NZ, Wellington, New Zealand.

<sup>4</sup> <http://www.ccdhb.org.nz/Aboutus/dsp/FINAL%20DSP%20ALL%20v2.pdf> p11

<sup>5</sup> <http://www.stuff.co.nz/national/health/4090270/Home-help-for-elderly-slashed-to-save-money>

<sup>6</sup> Email from Ministry of Health, attached

<sup>7</sup> Email from Diabetes NZ, attached

A good example is the home insulation subsidy scheme which arose from the finding that warmer houses reduced sickness, doctors' visits, days off work and hospital time. Otago University researchers found that every \$1 spent on insulation saved \$2 in healthcare costs savings benefit.

Government intervention to improve New Zealanders' overall health is also needed. Often maligned as "nannying", it is actually about improving quality of life and saving taxpayers' money. Government intervention includes immunisation, breast screening, healthy eating messages and quit smoking programmes.

In 2008, leading accountants PriceWaterhouseCoopers updated their assessment of the savings achieved if Government introduced more active diabetes prevention programmes. That led Diabetes NZ president Mike Smith to say:

"It's our contention that if extra spending was undertaken on prevention now, there would be a return of at least four times as much in reduced costs such as hospitalisation, in 2022. The benefit could be a lot higher than that, perhaps up to 10 times."<sup>8</sup>

And last year, one of New Zealand's leading economists, Gareth Morgan, wrote: *I accept that we need to treat obesity as we have dealt with smoking. This may mean being a bit of a nanny state, in order to avoid becoming a nursery state.*<sup>9</sup>

An ounce of prevention is worth a pound of cure. Money and more resources will be saved by strengthening the proverbial fence at the top of cliff so we need fewer hospital beds at the bottom.

\*Names are changed

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<sup>8</sup> [http://www.diabetes.org.nz/news/nz\\_news/2008\\_type\\_2\\_update\\_report](http://www.diabetes.org.nz/news/nz_news/2008_type_2_update_report)

<sup>9</sup> Morgan, G and Simmons, G, 2009, *Health Cheque*, published by The Public Interest Publishing Co Ltd