

THE COST OF IGNORING THE SOCIAL DETERMINANTS OF DISADVANTAGE

Hundreds of millions of dollars are being wasted every year due to lost hours of work, avoidable illness and preventable hospitalisations that could be avoided through a stronger focus on addressing the social determinants of disadvantage.

A study by the National Centre for Social and Economic Modelling (NATSEM) for Catholic Healthcare found that action to address the health components of the Social Determinants of Disadvantage would lead to:

- 500,000 Australians avoiding suffering a chronic illness;
- 170,000 extra Australians entering the workforce, generating \$8 billion in extra earnings;
- Annual savings of \$4 billion in welfare support payments;
- 60,000 fewer people needing admission to hospital annually, resulting in savings of \$2.3 billion in hospital expenditure;
- 5.5 million fewer Medicare services would be needed each year, resulting in annual savings of \$273 million;
- 5.3 million fewer Pharmaceutical Benefit Scheme scripts would be filled each year, resulting in annual savings of \$184.5 million each year.

A study by PWC found that an investment of an average of \$9 million per annum over 14 years in diabetes prevention in Western Sydney could produce a financial benefit of \$578m (Action Required: The Urgency of Addressing the Social Determinants of Health).

The King's Fund in the UK found that reducing falls in the home would save around £2 billion annually in hospitalisation costs (Exploring the system-wide costs of falls in older people in Torbay).

On the other side of the equation, the PWC Study found that the estimated direct cost of medical care attributable to people being overweight and obese has increased 61 percent from 2000 to 2008, and is expected to be 68 percent by 2025.

There is substantial and consistent evidence that tells us that addressing the social determinants of disadvantage return significantly more to the public purse in the long run.

PWC concluded that governments need to do more to address the SDOD:

often ignored social factors such as employment; housing; income inequality; and level of access to clean water, education and transportation – undermine progress and can swamp the systems that ignore them. Because even the most advanced .. interventions are rendered ineffective when people struggle with social isolation, income inequality, poor nutrition and pollution.