



PalliativeCare
AUSTRALIA

Palliative Care Australia

Supplementary Pre-Budget Submission 2020-21

August 2020

Investing to Save: The Economics of Increased Investment in Palliative Care in Australia



Palliative Care Australia

Supplementary Federal Budget Submission 2020/2021

Executive Summary

Investment in palliative care saves money in other parts of the health and aged care system.

This is the key message from a recently published economic study into the value of palliative care, and it is also the focus of Palliative Care Australia's Supplementary Federal Budget Submission 2020/2021.

Investing to Save: The Economics of Increased Investment in Palliative Care in Australia was commissioned by PCA and undertaken by KPMG, and presents the economic case for increased investment in palliative care. It highlights opportunities for governments to generate significant returns on their investment in palliative care, focusing on targeted practical interventions where the evidence base about what works is strong.

These findings come at a time of growing need for Palliative Care in Australia, with increased demand further exacerbated by the impacts of the COVID-19 pandemic.

- Analysis of current death rates by KPMG has found that at least 50% of all people dying each year – almost 82,000 Australians, based on today's figures - would benefit directly from palliative care.
- Australia's population is rapidly ageing. As more people live longer but with more complex chronic and life-limiting conditions, including dementia; the demand for palliative care and advance care planning will surge.
- The COVID-19 pandemic has further emphasised the importance of palliative care which can:
 - Help manage physical symptoms and distress, and provide personal support for people who are seriously ill or dying and their families
 - Assist in prevention and reduction of clinical problems in the community and residential aged care
 - Ensure that vulnerable people can avoid unnecessary emergency department presentations and hospitalisation.

Investment in palliative care means people with life-limiting illness can live well until their death, with optimal management of symptoms, support and care in the place of their choice.

In this Supplementary Federal Budget Submission, PCA will highlight that investment in palliative care also makes economic sense.

- The return on investment (ROI) to Government comes from reducing costly end-of-life emergency department visits and transport, hospitalisation stays and intensive care unit (ICU) admissions.
- There are also likely to be costs savings to individuals and employers from reduced bereavement costs and increased productivity of families and carers.
- KPMG has estimated that the cost of death in Australia is \$7.8 billion per year with more than half, \$4.0 billion, in hospital costs. The interventions presented in the KPMG report demonstrate that **investment in palliative care can significantly reduce the hospitalisation costs of dying by nearly 12%, or \$460 million per year**, while also improving the quality of death.

Palliative Care Australia

Supplementary Federal Budget Submission 2020/2021

Introduction

Palliative Care Australia (PCA) is the national peak body for palliative care. PCA represents those who work towards high quality palliative care for all Australians who need it. Working closely with consumers, our Member Organisations and the palliative care workforce, we aim to improve access to, and promote palliative care. We believe quality palliative care occurs when strong networks exist between specialist palliative care providers, primary care providers and support care providers and the community.

PCA made [a pre-submission to the 2020/2021 Federal Budget](#) in January 2020. PCA is taking the opportunity to provide an additional submission to present the findings from an economic study into the value of palliative care, commissioned by PCA and undertaken by KPMG. The report, [Investing to Save: The Economics of Increased Investment in Palliative Care in Australia](#), was commissioned with the assistance of The Snow Foundation.

The Growing Need for Palliative Care

Currently in Australia, around 160,000 people die each year. This will reach 200,000 by 2030¹. The majority of these deaths are what is described as ‘expected’ or ‘predictable’ deaths, that includes many people who have had life-limiting conditions or have been elderly and frail. Analysis of current death rates by KPMG has found that at least 50% of all people dying each year – almost 82,000 Australians, based on today’s figures - would benefit directly from palliative care.²

As Australia’s population rapidly ages and grows, and more people live longer but with more complex chronic and life-limiting conditions, including dementia; the need for palliative care and advance care planning will surge and specialist palliative care may be needed for people for longer periods of time. Should Australia experience further waves of the current COVID-19 pandemic or indeed other pandemics of a similar nature, the demand for palliative care grow will grow even further.

To meet current and future demand for palliative care, further investment is needed. This is recognised in the **National Palliative Care Strategy** which states, “investment at national, state and territory levels will be required to ensure that the systems and people are available to provide quality palliative care where and when it is needed”.³

The COVID-19 Pandemic has Demonstrated the Value of Palliative Care

COVID-19 has been – and will continue to be – a life-limiting condition experienced by many people in the community. Palliative care can help manage severe shortness of breath, physical symptoms and distress, and provides personal support for people who are seriously ill or dying and their families. It can assist in prevention and reduction of clinical problems in the community and residential aged care and help to

¹ Australian Bureau of Statistics (2012). *3222.0 Population Projections, Australia, 2012 (base) to 2101*. (Accessed at: www.abs.gov.au/ausstats/abs@.nsf/mf/3222.0)

² KPMG Report, Page 25

³ Australian Government (2018). *National Palliative Care Strategy*. (Accessed at: <https://www.health.gov.au/sites/default/files/national-palliative-care-strategy-2018.pdf>)

ensure that vulnerable people can avoid unnecessary emergency department presentations and hospitalisation.

Palliative care specialists and teams are experienced in dealing with complex problems and treatment decisions and can be instrumental in balancing a variety of perspectives and incorporating the psychological, social and spiritual issues of patients, their families and the staff caring for them including grief and bereavement.

While acute care services concentrate on the task of managing the more physical consequences of COVID-19, the palliative care team works in a complementary fashion to address patients' symptoms and broader psychosocial and other associated needs, and when necessary, the transition to end of life care. This also enhances mutual support between clinicians dealing with the complex personal challenges of caring for large numbers of people during a pandemic.

As Australia maximises the availability of acute and intensive care beds, we must also integrate specialist palliative care services into planning of support for hospitals, residential aged care and other care settings in the community. This is particularly important so that those with, or at risk of COVID-19, and current and newly diagnosed palliative care patients with other conditions, can remain in the community if at all possible and not be transferred to hospital settings. There is a strong argument for maintaining and urgently planning for augmentation of palliative care services as part of operational surge planning for pandemics.

Australian Coronavirus Disease 2019 Palliative Care Working Group

To support planning and integration of care and research, in March 2020, PCA formed the **Australian Coronavirus Disease 2019 (COVID-19) Palliative Care Working Group (ACPCWG)** in partnership with the Australian and New Zealand Society of Palliative Medicine (ANZSPM), Palliative Care Nurses Australia (PCNA), Australasian Chapter of Palliative Medicine of the RACP (AChPM), End of Life Directions for Aged Care (ELDAC), Paediatric Palliative Care Australia and New Zealand (PAPCANZ), CareSearch - Flinders University, Caring@Home, the Australian Department of Health and individual experts as identified by the ACPCWG. The Deputy Chief Medical Officer, Professor Michael Kidd is a member of the ACPCWG.

The ACPCWG first met on 3 March 2020 and has continued to meet fortnightly, providing guidance and resources to governments and the palliative care and general health and aged care sectors. More details can be found at [PCA website: COVID-19 Updates](#)

PCA also made a submission to the Senate Select Committee on COVID-19 and has made submissions to the Royal Commission into Aged Quality and Safety including about COVID-19 issues in aged care. PCA's published submissions can be found at [PCA website: Submissions and Reports](#).

COVID-19 and Palliative Care: Emerging Grief, Bereavement and Mental Health Needs

The Australian COVID-19 Palliative Care Working Group has identified a major issue for the future is the need to address the grief, bereavement and mental health implications from this pandemic particularly as these issues relate to death, dying and the needs of palliative care patients and their loved ones. To address these issues, Australia will need a national approach to the grief, bereavement and mental health issues from this pandemic. PCA will provide a separate submission to the Australian Government about this.

The Economic Value of Palliative Care

PCA has been concerned about the growing need for palliative care and this has been further augmented by the issues for palliative care which have surfaced during the COVID-19 pandemic. PCA commissioned KPMG to undertake a thorough analysis of the economic value of palliative care. The KPMG report presents the economic case for increased investment in palliative care. It highlights opportunities for Governments to generate significant returns on their investment in palliative care, focusing on targeted practical interventions where the evidence base about what works is strong.

The key message from the KPMG report is **investment in palliative care saves money in other parts of the health and aged care system.**

There are good economic reasons for the Australian Government to implement the recommendations of this report. The return on investment (ROI) to Government comes from reducing costly end-of-life emergency department visits and transport, hospitalisation stays and intensive care unit (ICU) admissions. Although not quantified specifically in the KPMG report, there are also likely to be costs savings to individuals and employers from reduced bereavement costs and increased productivity of families and carers.

KPMG has estimated that the cost of death in Australia is \$7.8 billion per year with more than half, \$4.0 billion in hospital costs. The interventions presented in the KPMG report demonstrate that **investment in palliative care can significantly reduce the hospitalisation costs of dying by nearly 12%, or \$460 million per year**, while also improving the quality of death.

Australia as a whole must start by investing an additional \$400 million annually in palliative care services split between the Australian government and States and Territories. The KPMG shows in its key recommendations, an investment of \$364 million annually potentially returns \$464 million annually.

The reason for this is because investment in palliative care not only ensures people have better quality of life and better deaths, it can actually be cost-saving in other parts of the health system.

The recommendations made by KPMG fall into four categories:

1. Improve access to home and community-based palliative care services.
2. Expand palliative care services in residential aged care
3. Increase investment in earlier and more integrated palliative care services in hospitals; and
4. Deliver system-wide reform to unlock the potential of palliative care.

While the full details are contained in the KPMG report, the following summarises and quotes directly, the key findings and recommendations made in the report.

1. Improve access to home and community-based palliative care services

Integrated home based palliative care services

Integrated home based palliative care services support individuals, families and caregivers outside institutional settings of care. The aim of this care is to afford individuals the greatest chance to live well at home and achieve their preferred place of death. To do this, integrated home-based palliative care service recipients are surrounded by a multidisciplinary team of personnel who are led and proactively coordinated by a GP. These personnel (e.g. nurses, allied health professionals, volunteers and other community workers) provide a range of services as the individual's needs change. In the event that needs are complex,

specialist palliative care services can also be enlisted to support the team and manage the patients' systems.⁴

In the last year of life, integrated home-based palliative care services are expected to save between \$4,544 and \$6,109 (2019 Australian dollars) per person from reduced emergency department and hospitalisation costs. Compared with the implementation costs associated with these interventions, **KPMG estimate that a \$1.00 investment in integrated home based palliative care services can return between \$0.53 and \$1.56 – or cost neutral on average (2019 Australian dollars).**⁵

Advance Care Planning

Advance care planning allows patients to express how they would like to receive care in the event they are unable to communicate this themselves. Using the economic evidence, it is estimated that investment in advance care planning is estimated to save between \$395 and \$1,783 per person in health costs during the last year of life from reduced hospitalisation costs, ICU costs and emergency department costs. Combining the implementation cost associated with delivering these benefits, **KPMG estimates that a \$1.00 investment in advance care planning can return an average between \$0.47 and \$2.00 (2019 Australian dollars)**⁶

KPMG Recommendations:

- KPMG recommend an increase in funding of AU\$240 million per annum for integrated home and community-based services based on models of care that have been shown to be effective.
- KPMG recommend the development of a specific metric to track access to home and community-based palliative care across Australia. This would allow stakeholders to clearly monitor current levels of access and track improvement over time.

2. Expand palliative care services in residential aged care

The volume of people with complex care needs in residential aged care, and with highly complex needs in particular, has grown rapidly in the last 10 years. In 2008-2009, 10% of residents in aged care had highly complex needs. In 2017-2018, this rate has surged to 53 per cent.⁷

Palliative care services in residential aged care provide support to residents to better manage their health and disease trajectory and help for carers and the residential aged care workforce to improve their palliative care literacy.

Using a 'needs round' model of specialist palliative care provided in residential aged care (the example study was palliative care nurse practitioners), KPMG used data which estimated resources savings of \$1,286 per hospital bed day and transportation costs of \$983 per hospital admission. Such an intervention is expected to save:

- \$941,920 (adjusted) to \$2,140,727 (observed) in hospitalisation costs per annum;
- \$80,885 (adjusted) to \$183,830 (observed) in reduced emergency transport costs per annum;
- In the low case, transportation savings have been excluded to represent where these benefits may not accrue.

⁴ KPMG Report, see page 35

⁵ KPMG Report, see page 36

⁶ KPMG Report, see pages 37 and 38

⁷ KPMG Report, see page 27.

KPMG estimate that a \$1.00 investment in palliative care nurses in residential aged care can return between \$1.68 and \$4.14 (2019 Australian dollars).⁸

KPMG Recommendations:

- KPMG recommend an investment of **an additional \$75 million per annum increase** in the provision of palliative care within residential aged care. The investment should include both direct specialist palliative care support, and integrated support that includes the residential aged care workforce and other health professionals such as GPs. Clinical palliative care expertise should be provided as a 'core business' of residential aged care.
- KPMG recommend the Aged Care Quality Standards include a specific palliative care standard.
- KPMG recommend the development of National Mandatory Quality Indicator/s for Palliative Care.

3. Increase investment in earlier and more integrated palliative care services in hospitals

Palliative care services in hospital can provide an increased level of targeted support to individuals, and carers of individuals, with complex health needs. In the hospital setting, palliative care can be provided both in specialist palliative care beds, as well as in other beds for individuals receiving treatment or other types of care in acute or sub-acute beds.

Based on the cost savings identified in the literature, and low, mid and high costs assumptions based on the Independent Hospital Pricing Authority (IHPA) cost of sub-acute palliative care, KPMG estimate that a **\$1.00 investment in palliative care in hospital delivers a return of between \$1.36 and \$2.13 (2019 Australian dollars).**⁹

KPMG Recommendations:

- KPMG recommend **an investment of an extra \$50 million per year** to support more dedicated specialist inpatient palliative care beds, broader in-hospital palliative care teams, and emergency department triaging directly to specialist inpatient palliative care beds.
- KPMG recommend funding and completing Australian based research to track the incidence of non-beneficial care in end-of-life hospital admissions and systematically measure the impact of palliative care on hospitalisation costs.

4. Deliver system-wide reform to unlock the potential of palliative care

In addition to recommendations for specific interventions and investments, there are also a range of key system-wide reforms or enabling recommendations that are required to deliver a more efficient and effective palliative care sector. Palliative care needs clear stewardship, and a funding model that promotes rather than hinders integrated and patient-centred care. The health workforce needs clear career pathways to palliative care roles, and community education needs to be systematic and consistent if discussions about death and the role of palliative care are to become core business in health and aged care – and in turn providing savings in other parts of the health and aged care system.

KPMG Enabling Recommendations:

- KPMG recommend a State and Federal partnership agreement that defines the levels of responsibility across each stakeholder. This could be known as a National Palliative Care Partnership.

⁸ KPMG Report, see pages 39 and 40.

⁹ KPMG Report, see pages 41 and 42.

- KPMG recommend the appointment of a National Palliative Care Commissioner to act as a champion for improved awareness and promotion of palliative care. The Commissioner should be overseen by an independent board of experts and policy makers.
- In conjunction with the recommendation for a National Palliative Care Partnership, KPMG recommend a formal review of current palliative care funding, with the potential for overall stewardship to be transferred to either the States or the Commonwealth.
- Following on from a revision to the funding models in palliative care, KPMG recommend the development of a national minimum data set to capture service provision by setting, stage and provider, linked with patient outcomes data through the Palliative Care Outcomes Collaboration (PCOC).
- KPMG recommend the development of specific care pathways to drive more nurses and allied health workers into palliative care and specialist palliative care.
- KPMG recommend that palliative care education and training should be compulsory for all staff in RACFs. Vocational education and training (VET) for aged care workers, specifically Certificate III in Individual Support and Certificate IV in Ageing Support should include palliative care as mandatory units in recognition that palliative care is core business in aged care.
- KPMG recommend the extension of funding for education of the wider health workforce such as *CareSearch* past 2020, to utilise and build on the National Palliative Care Workforce Development Framework and the level of palliative care literacy that has already been achieved.

The Return on Investment (RoI) Summary¹⁰

KPMG have identified and analysed the following Return on Investment (RoI) for their key recommendations:

ES Table 1: Key recommendations for this report

Improve access to home and community-based palliative care services	Investment	Return (%)
Recommendation 1.1: Increase funding and timely access to home and community-based palliative care services	\$240m	100%
Recommendation 1.2: Develop a key performance indicator to monitor access to home and community-based palliative care		
Expand palliative care services in residential aged care	Investment	Return (%)
Recommendation 2.1: Invest in specialist palliative care (SPC) and integrated support across residential aged care	\$75m	182%
Recommendation 2.2: Explicitly identify palliative care in the Aged Care Quality Standards		
Increase investment in earlier and more integrated palliative care services in hospitals	Investment	Return (%)
Recommendation 3.1: Increase palliative care services in hospitals	\$50m	168%
Recommendation 3.2: Track the incidence of non-beneficial care in end-of-life hospital admissions, and systematically measure the impact of palliative care on hospitalisation costs		
Deliver system-wide reform to unlock the potential of palliative care	Investment	Return
Recommendation 4.1: Establish a permanent National Palliative Care Partnership Agreement with State and Territory Governments and appoint a National Palliative Care Commissioner		
Recommendation 4.2: Reform funding models to facilitate integrated, patient centred care	Enabling interventions	
Recommendation 4.3: Develop a palliative care minimum dataset		
Recommendation 4.4: Expand the palliative care workforce and increase palliative care literacy across the wider health sector		
Recommendation 4.5: Deliver community awareness and education programs		

Source: KPMG 2019

¹⁰ KPMG Report, page 6.

Conclusion

People living with a life-limiting illness deserve high quality palliative care. They and their families, carers and loved ones, want to know that high quality palliative care will be available when and where people need it. Investment in palliative care means people can live well until their death, with optimal management of symptoms, support and care in the place of their choice.

Palliative care is explicitly recognised as a human right (health). It should be provided through person-centred and integrated health services that pay special attention to the specific needs and preferences of individuals.¹¹

The KPMG report commissioned by PCA also provides the evidence that investment in palliative care also makes economic sense. PCA would welcome the opportunity to discuss the full findings of the report with Treasury and Department of Finance and the Department of Health. PCA can also arrange for KMPG to provide a briefing. To discuss this submission further, please contact Margaret Deerain, PCA National Policy Manager at margaret.deerain@palliativecare.org.au.

¹¹ World Health Organization, Palliative Care Fact Sheet (accessed at <https://www.who.int/news-room/fact-sheets/detail/palliative-care>, August 2020).