NHAA Prebudget Submission

to the Treasurer

ABN 25 000 009 932

Founded in 1920, the NHAA is the oldest natural therapies association in Australia, and the only national professional body of medical herbalists. The NHAA maintains the highest educational and training standards for herbalists and naturopaths in Australia.

There is an opportunity to reduce PBS expenditure by at least $300 million per year by:

a.) Enabling greater consumer choice for those voters who prefer Complementary Medicine (CM).
b.) Enabling greater innovation and efficacy by a system for rapid testing of CM.
c.) Increasing market competition in medicines, which has the potential to lower PBS buy prices on many items.

This can be done by appropriate use of herbal and naturopathic treatments to reduce the cost of drug medication while improving the health of patients. CM produce fewer and milder side-effects than drugs, providing additional benefit. The resultant drop in hospitalisation will create further savings to the health and welfare budget.
Please see Appendix B for further detail.

We request in return that 10% of this, ie $30 million per annum, be committed to:

Registration of Herbalists and Naturopaths.

- We request funding of $1 million to set up a system of national uniform registration of herbalists and naturopaths, as recommended in the LaTrobe report.
- The NHAA already maintains the highest educational and training standards for herbalists and naturopaths in Australia.
- The NHAA has already developed a model for registration.
- Lack of uniform standards has been a significant barrier to greater and more efficient use of herbal and naturopathic practitioners and CM.

Clinical research.

- We require clinical research which is rapid, independent, accessible and subsidised, into herbal and naturopathic medicines. This will require the establishment or expansion of suitable centres, with adequate facilities and staffing.
- Lack of facilities, trained personnel and funding is a major barrier to clinical research in Australia.
- Because very little new product development is done in Australia, the cost of doing clinical trials for CM is exceptionally high due to its one-off nature. This leads to limited testing, and is a self-perpetuating problem.
- As most complementary medicines cannot be patented, there is little incentive for industry to fund this research.
- As most CM sponsors in Australia are smaller companies, they are simply unable to fund research.

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- Clinical research will validate which CM are the most effective; how to combine CM and orthodox treatments for the best and most cost-effective results; and which patient populations will benefit most.
- Clinical research will encourage more use of CM by the medical system and by the population generally.
- The greatest beneficiary of this research will be Australia, as the population will require less drug medication and less hospital care while enjoying equal or greater health.

Reform of the TGA.

- There are very high fees and lengthy delays in TGA evaluation of "new" CM, ie any which have not previously been available in Australia. Even if they are widely used elsewhere this currently makes no difference to time or cost.
- As the TGA is charged with full cost recovery, it has no incentive to reduce fees and delays.
- This situation is a serious barrier to innovation and disincentive to research into CM.

Appendix A: Health Expenditure

The health budget in Australia for the year 2007 was $41.8 billion, or 3.8% of GDP.
This is projected to rise to $68 billion, or 5.5% of GDP, by 2017.
Of this, the cost of pharmaceuticals was $7.7 billion, or 0.7% GDP; projected to rise to $16.2 billion and 1.1% by 2017.
The cost of non-drug health care was $34.1 billion, or 3.1% GDP, rising to 51.7 billion, or 3.5% GDP.
This does not take into account the cost to the economy of the loss of productivity of the ill, nor their personal loss of income, nor the cost of sickness benefits. It does not show the loss of quality of life for the ill. And it does not show the costs associated with family members acting as carers: loss of their own quality of life, personal income and employment; cost to the taxpayer of carer pensions; and loss to the economy of productivity of the carers.
These costs are rising exponentially, driven by the high costs of pharmaceuticals, increasing complexity of medical technology, rising expectations by patients, the ageing of the population, and epidemic levels of diabetes, cardiovascular disease, cancers, and depression – to name a few.

Appendix B: Immediate Savings

Initial savings to the PBS due to reduced expenditure on widely-prescribed drugs.
These are calculated as the result of 10% of patients switching to suitable and effective CM.
Costings are drawn from the Dept of Health and Aging Annual Report for 2006–07.

Condition	**Drug cost per annum** **$million**	**Savings with CM use** **$million**
Arthritis	160	16
Obstructive Airways Disease	365	36.5
High Cholesterol	919	91.9
Hypertension	572	57.2
Thrombosis	177	17.7
Anxiety and depression	633	63.3
Peptic ulcer	504	50.4
Bone diseases	154	15.4
Total:		**$348.4 million PA**

Appendix C: Benefits offered by CM

- Herbalists and naturopaths focus on preventive medicine and lifestyle in addition to treatment of the causes of illness. Prevention of serious illness in the first place, coupled with stabilising those already affected, will reduce health expenditure on both hospital beds and medications. A 1% reduction in medical costs for 2008 would mean a saving of over $400 million – without counting further savings in welfare payments and productivity.

- Herbal medicines and nutritional supplements are less expensive than pharmaceutical drugs. Example: In 2002-2003, 3.7 million prescriptions were written for Celebrex, a COX-2 inhibitor used for arthritis, at a cost of $101 million. This equates to approximately $27 per prescription. If 10% of these prescriptions were instead for a high-quality herbal anti-inflammatory with equal efficacy, such as Salix alba or Boswellia serrata, costing $20, even if this were paid for the PBS, the direct saving to the public purse would have been $2.59 million. Similar savings are possible across a wide range of conditions, using existing expertise and products.
- Herbal and nutritional treatments are safer than pharmaceutical drugs. Adverse reactions and iatrogenic illness due to pharmaceutical drugs are frequently severe, with attendant costs of hospitalisation and further medication. Examples include Celebrex and Zyban. CMs rarely cause severe adverse reactions.
- Synergy between orthodox and complementary treatment can reduce secondary costs. Example: use of statins and other hypocholesterolemic drugs depletes Coenzyme Q10and may lead to cardiomyopathy. Co-administration of CoQ10 supplements largely prevents this complication and removes the need for costly hospitalisation and the administration of additional medications, themselves with potentially serious side-effects.
- CM is already well accepted by Australians. The public spent $2.3 billion on this in 2003, out of their own pockets. It is reasonable to assume that they would look favourably on Government support for wider use of CM.

Appendix D: Barriers to more efficient utilisation of CM

- Difficulty in distinguishing properly trained, highly qualified practitioners of CM from the poorly trained and frankly untrained. This is partly due to the lack of government-recognized national registration based on educational standards.
- Difficulty in establishing effective and large-scale co-operation between orthodox and CM practitioners. Such co-operation can give great benefits in clinical results and cost reduction. The difficulty arises from two things: lack of a registration of practitioners, as noted; and lack of knowledge about CM.
- Lack of financial support for CM. While Medicare supports orthodox treatment, it provides nothing for CM treatment. This is a significant disincentive for the lower socio-economic groups, who have the poorest health and make up the heaviest health burden.
- Lack of investment into clinical trials on CM. While there is much evidence of efficacy and
- safety, as accepted by the WHO and the EU, much remains to be done comparing different preparations, delivery systems, and interactions with prescription drugs.

Appendix E: Overcoming the barriers

- Registration of CM practitioners by a uniform national standard. This was strongly recommended by the LaTrobe report. The NHAA has the highest standards of education and training for herbal and naturopathic practitioners in Australia, and has already developed a model for uniform registration of the profession. We request funding of $1,000,000 for the immediate establishment of a robust, uniform, national registration system.
- Educating orthodox medical practitioners on the value and role of CM; and funding to facilitate this. This does not mean burdening medical staff with even more training; rather it means alerting them to the fact that a highly trained and competent profession with safe, effective medicines are already available and willing to work closely with them for the greater welfare of their patients; and to reduce the crushing burden of overload on the existing health system. The NHAA, as a national association long experienced in liaising with government bodies, educational institutions and practitioners, is well-placed to assist in this role.
- Some form of financial support for CM, which could be means-tested. This could include subsidies for medicines and for consultations with registered CM practitioners.
- Regular consultation with the profession while designing health strategies and health campaigns, to ensure that the best use is made of all available resources. The NHAA has extensive expertise to offer here.