



Consumer Healthcare  
Products Australia

## 2020-21 PRE-BUDGET SUBMISSION

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### **About us**

Consumer Healthcare Products (CHP) Australia is the leading voice and industry body representing the manufacturers and distributors of consumer healthcare products, which includes nonprescription medicines. Additionally, we represent businesses that support the consumer healthcare products industry.

9 out of 10 Australians use nonprescription medicines regularly<sup>1</sup>.

Annually, our industry generates approximately \$8 billion in domestic sales, \$2 billion in export revenue and employs over 10,000 Australians<sup>2</sup>.

With over 14,000 nonprescription products helping keep Australians healthy<sup>3</sup>, every \$1 spent on the most common nonprescription products saves the Australian economy \$4<sup>4</sup>.

Our mission is to advance consumer health through responsible self-care, and support the Quality Use of Medicines (QUM)<sup>5</sup>.

### **Overview**

CHP Australia advocates for self-care to be embedded in national health policy.

Self-care encourages individuals to take greater personal responsibility for, and interest in, their wellbeing through better lifestyle choices, risk avoidance, responsible use of medicines, diet and exercise (*Figure 1*), and can assist policymakers and healthcare professionals to engage Australians in the proactive management of their health.

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<sup>1</sup> Consumer Behaviour Factbook (March 2015) Macquarie University

<sup>2</sup> CHP Australia estimates based on:

- IQVIA & Nielsen Scan Data Sept 2019. Combined Pharmacy & Grocery
- IBIS Pharmaceutical Product Manufacturing in Australia, March 2019. IBIS World Pty Ltd
- IBIS Pharmaceutical Wholesaling in Australia, March 2019. IBIS World Pty Ltd

<sup>3</sup> TGA Bilateral Meeting Presentation (December 2019)

<sup>4</sup> The Value of OTC Medicines in Australia (March 2014) Macquarie University – MUCHE Report

<sup>5</sup> <https://www1.health.gov.au/internet/main/publishing.nsf/Content/nmp-quality.htm-copy2>



Figure 1 – the seven pillars of self-care

The World Health Organisation concluded in 2009 that self-care should be a fundamental component to achieving both individual and structural health goals<sup>6</sup>, contributing to illness prevention and improved health outcomes, better chronic condition management, and fostering a more cost-effective healthcare system.

The landmark State of Self Care in Australia report by the Australian Health Policy Collaboration<sup>7</sup> found a general community acceptance that individuals should take a more active role in and responsibility for their own health and wellbeing. However, the current system contains numerous socioeconomic and other barriers limiting individuals' capacity to fully participate in their own health management, leaving them overly reliant on more costly medical interventions.

Increasing consumer empowerment through greater access to medicines and improved health literacy is fundamental to enabling greater self-care. CHP Australia is uniquely placed to work collaboratively with stakeholders to facilitate effective action in these areas.

Responsible self-care is the first step individuals should take to better manage their wellbeing; making healthier and more responsible decisions, preventing and limiting illness, self-treating when appropriate and using healthcare services efficiently.

Access to nonprescription medicines and individuals' ability to appropriately self-treat, helps reduce unnecessary costs burdening our healthcare system. Whether it be through symptom relief, aiding health maintenance or common ailment treatment, nonprescription medicines assist individuals to maintain productive and healthy lives.

<sup>6</sup> World Health Organisation. Self-care in the context of primary health care URL: <https://apps.who.int/iris/handle/10665/206352> [accessed 2019-07-15]

<sup>7</sup> <https://www.vu.edu.au/sites/default/files/the-state-of-self-care-in-australia.pdf>

Nonprescription products also have a role to play in the prevention of illness and mitigation of modifiable risk factors that, in some cases, have an established causal connection to serious health conditions. Smoking cessation aids, sunscreens, folate and iron supplements, are some of these commonly recommended self-care products currently assisting individuals to live healthier and minimise common foreseeable complications.

When illness or injury does occur, early treatment to prevent or minimise escalation, irrespective of the ailment's severity, can be a key determinant of an individual's health outcomes and the extent of health care resources they are likely to require. Early and effective treatment provides the best chance of limiting illness, reducing unproductive time and, particularly in cases of common ailments, helps minimise avoidable use of public health resources and healthcare practitioners' limited time.

For example, particularly in populations vulnerable to health complications, some traditionally self-limiting conditions can escalate and potentially require medical interventions. A common example is wound care. Without appropriate treatment using nonprescription disinfectants, minor wounds can in some cases become infected, potentially requiring a GP consultation and PBS subsidised medications.

Annually in Australia, it is estimated<sup>8</sup>, for self-treatable conditions there are between 232,507 and 922,012 unnecessary visits to emergency departments at a cost of AUD124.5 to AUD493.8 million, and between 8.8 and 26.6 million GP appointments at a cost of AUD397 million to AUD1.2 billion.

That is an estimated total burden of between AUD511 million to AUD1.67 billion a year in unnecessary consultations for self-treatable conditions.

These costly medical interventions could be better managed through greater self-care and resourced by comprehensive health literacy, with sufficient advice and oversight available from a pharmacist where necessary.

An individual's health literacy is a key component to facilitating greater self-care and a more efficient use of limited healthcare resources. It equips individuals to know the most appropriate avenue for help and advice when they or a family member are feeling unwell, potentially saving them time and Medicare dollars.

The last major study by the Australian Bureau of Statistics into Australia's health literacy was conducted in 2006 as part of the Adult Literacy and Life Skills Survey<sup>9</sup> (ALLS). It revealed that, on

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<sup>8</sup> An Australian Minor Ailment Scheme – Executive Summary URL: <https://www.uts.edu.au/sites/default/files/2019-11/Executive%20Summary%20%28w%29.pdf>

<sup>9</sup> <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features20June+2009>

average, approximately 40% of Australians had adequate health literacy. This means that 60% of Australians do not have adequate health literacy.

CHP Australia is grateful to the Government for inviting us to participate in the National Medicines Policy Review Working Group, and we look forward to working cooperatively and productively with policymakers and stakeholders throughout the review. CHP Australia believes a robust healthcare policy in Australia should deliver evidence-based solutions to raise health literacy, promote self-care and self-medication capabilities, and ensure that, where appropriate, more medicines are made available without a prescription.

## **Recommendations**

### Self-care

1. Embed self-care as a fundamental component of Australia's national health policy and the National Preventive Health Strategy
2. Implement a common ailment scheme system in Australia, as recommended by a recent UTS study<sup>10</sup>

### Health Literacy

3. Review avenues for improving Australia's health literacy with key development targets
4. Establish medicines literacy as an integral part of medicines safety, the 10<sup>th</sup> National Health Priority Area

### Increasing Access to Medicines

5. Investigate regulatory mechanisms that encourage an appropriate and progressive 'switch' environment

## **Recommendation 1 - Embed self-care as a fundamental component of Australia's national health policy, and in the National Preventive Health Strategy**

The burden on the Australian health system is growing, particularly in relation to chronic and preventable conditions. We acknowledge the Government's leadership in addressing these systemic issues as a matter of priority, developing robust preventive health measures and targeted early intervention strategies.

While the benefits of investment in preventive health measures may not be fully realised for many years, the Government's foresight into its positive long-term impacts for both the Budget bottom-line and, more importantly, the health and wellbeing of Australians<sup>11</sup> is welcomed by CHP Australia.

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<sup>10</sup> <https://www.uts.edu.au/about/graduate-school-health/pharmacy/what-we-do/pharmacy-research/australian-minor-ailments-scheme>

<sup>11</sup> Jackson H, Shiell A. (2017) Preventive health: How much does Australia spend and is it enough? Canberra: Foundation for Alcohol Research and Education.

When imbued with the appropriate skills and knowledge, an empowered individual can practice self-care responsibly and with confidence, the long-term benefits of which are shared by the individual and government.

CHP Australia recommends that self-care be embedded in national health policy as a fundamental component of improving Australia's health outcomes and delivering a more sustainable healthcare system. We further recommend that self-care be incorporated into the National Preventive Health Strategy and would welcome opportunities to contribute to the strategy's development.

**Recommendation 2 - Implement a common ailment scheme system in Australia, as recommended by a recent UTS study<sup>12</sup>**

A recent comprehensive evaluation of a minor ailments scheme (hereinafter referred to as a common ailments scheme), piloted in the Western Sydney Primary Health Network, estimated that 7-21.2% percent of all GP consultations and 2.9-11.5% percent of all emergency department services in Australia could be safely transferred to a community pharmacy.

The integrated primary care pilot program included the participation of 150 GPs from 27 practices, 33 community pharmacies and 894 patients in the WSPHN.

Researchers determined there was "good evidence that the clinical advice provided by community pharmacists regarding symptoms of minor illness will result in the same health outcomes as if the patient went to see their GP or attended the emergency department".

Evaluation of the service's economic value concluded that a common ailments scheme is a cost-effective alternative to the traditional primary care model, and estimated the potential clinical and economic impact of national implementation (*Figure 2*).

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<sup>12</sup> <https://www.uts.edu.au/about/graduate-school-health/pharmacy/what-we-do/pharmacy-research/australian-minor-ailments-scheme>

Figure 2: Projected cost reductions from national implementation of a common ailments scheme

		Estimated annual community pharmacy manageable services			Cost reductions	
		GP services (n)	ED services (n)	Combined services (n)	Overall cost reduction potential with shift of services to pharmacy	Overall cost reduction potential if AMAS is paid for
<b>National</b>	Maximum	26,586,994	922,012	27,509,006	-\$1,665,411,901	-\$1,266,806,407
	Minimum	8,778,725	232,507	9,011,232	-\$511,373,307	-\$380,800,559
<b>NSW</b>	Maximum	8,831,535	331,233	9,162,768	-\$572,069,660	-\$439,301,145
	Minimum	2,916,073	83,528	2,999,601	-\$174,621,799	-\$131,157,576
<b>WSPHN</b>	Maximum	1,271,558	11,454	1,283,012	-\$62,356,841	-\$43,765,997
	Minimum	419,854	2,888	422,742	-\$20,096,087	-\$13,970,549

**Abbreviations:** AMAS: Australian minor ailments scheme; AUD: Australian dollars; ED: emergency department; GP: general practitioner; NSW: New South Wales; WSPHN: Western Sydney primary health network

CHP Australia supports due consideration being given to a common ailments scheme for community pharmacies nationwide to adopt and implement, as recommended by the comprehensive UTS evaluation.

### **Recommendation 3 - Review avenues for improving Australia's health literacy with key development targets**

The importance of health literacy is well established and understood; individuals with better health literacy have, on average, better comparative health outcomes and are more economically effective users of health services.

National leadership to address the substandard health literacy levels of Australians is urgently required to identify solutions, and a greater emphasis needs to be placed by government on measures to improve health literacy.

CHP Australia recommends that the Department of Health review established and emerging avenues for improving Australia's health literacy and develop a co-ordinated approach for action, including key development targets, with the States and Territories. Furthermore, health literacy should be incorporated as a standing COAG agenda item until the key development targets are met.

#### **Recommendation 4 - Establish medicines literacy as an integral part of medicines safety, the 10<sup>th</sup> National Health Priority Area**

CHP Australia commends the decision by Commonwealth, State and Territory Minister to enshrine medicines safety as the 10<sup>th</sup> National Health Priority, acknowledging that while medicines are safe and effective when used appropriately, further action is required to ensure all Australians have the knowledge and skills to use prescription and nonprescription medicines responsibly.

Every year 50,000 Australians are hospitalised with issues relating to medication errors, inappropriate use, misadventure and interactions. A further 400,000 present to emergency departments. These medical interventions cost the health system nearly AUD\$1.4 billion annually<sup>13</sup>.

At least half of the cases, which include prescription and non-prescription medicines misuse, are preventable. Improving medicines literacy is essential if we want to reduce the burden of medicines related hospitalisations and support the Quality Use of Medicines.

Medicines literacy includes lifelong skills applicable to all medicines use, such as the ability to read medicines labels, to understand dose information, to track medicines, to store medicines safely, and to responsibly dispose of expired medicines.

CHP Australia recommends that improving and facilitating medicines literacy, an integral part of medicines safety, be incorporated into the terms of reference for the National Medicines Policy and Quality Use of Medicines review, and established as a key area of consideration to be addressed when advancing the 10<sup>th</sup> National Health Priority.

CHP Australia looks forward to working with all stakeholders to improve Australia's health and medicines literacy, both key enablers in promoting greater self-care.

#### **Recommendation 5 - Investigate regulatory mechanisms that encourage an appropriate and progressive 'switch' environment**

'Switch' is the process whereby prescription medicines (Schedule 4) are down-scheduled to over-the-counter medicines (Schedule 3). A successful switch environment should empower consumers, promote the Quality Use of Medicines, encourage industry to submit applications and foster innovation in over-the-counter medicines.

Increased access to medicines, where appropriate and safe, empowers individuals to take greater ownership of their health choices and care, increases productive time and responsibly eases the cost burden on the healthcare system.

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<sup>13</sup> Medicines Safety: Take Care Report

<https://www.psa.org.au/wp-content/uploads/2019/01/PSA-Medicine-Safety-Report.pdf>



CHP Australia has long advocated for a progressive switch agenda and commends the government's formation of a multi-stakeholder working group within the TGA as a step in the right direction.

Switch applications rightly can require significant evidence, with the outcomes of the applications made publicly available as part of the re-scheduling process. Therefore, an applicant's investment in additional research (which can cost up to \$20 million) can be used to the benefit of competitors to further their own switch application.

An appropriate regulatory environment is needed to address the current disincentives of pursuing switch applications and encourage the required investment to increase individuals' access to medicines where appropriate.

CHP Australia encourages the Department of Health to using learnings from overseas markets to evaluate mechanisms available to provide necessary incentives for switch applications.

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