



23 July 2007

Mr Elton Humphery
The Secretary
Senate Community Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Humphery,

Following is a submission from The Cancer Council Australia in response to the Senate inquiry into the cost of living pressures on older Australians.

The Cancer Council Australia commends the Senate for initiating this inquiry and welcomes the opportunity to comment.

The burden of cancer is borne predominantly by older people. This submission outlines the costs of cancer to older Australians and provides recommendations to inform the development of public policy that would ease the financial pressures of a cancer diagnosis on individuals.

With almost half of Australia's population at risk of a cancer diagnosis some time in their lifetime, it is increasingly important for governments to recognise the need for financial assistance for cancer patients. Coping with the financial pressures of a cancer diagnosis has been shown to be highly distressing for people who must already deal with the pressures of treatment, disruption to their work and family lives and the psychological effects of a life-threatening disease.

Please let me know if the Senate Community Affairs Committee requires additional information about how the burden of cancer relates to living costs for older Australians. I would value the opportunity to present to the committee as a witness or send a Cancer Council representative involved directly in patient support and/or a cancer survivor who has experienced firsthand the financial difficulties of living with cancer.

Yours sincerely,

Professor Ian Olver
Chief Executive Officer

Cancer and older people

- Of people diagnosed with cancer in Australia (excluding non-melanoma skin cancers), 57.2 per cent are aged 65 and over;
- Cancer becomes more costly to treat as people age;
- Lifetime risk of cancer by age 85 in Australia is one in two in men and one in three in women.

Key findings: cancer burden on individuals

- Households are bearing almost the same proportion of the cost of cancer as the government;
- For survivors, cancer becomes a chronic illness, sometimes with long term after-effects (lymphoedema, disability etc.) that require treatment and monitoring in themselves;
- Income support arrangements are not meeting demonstrated cancer patients needs (e.g. reports from cancer survivors that it is difficult for them to meet Centrelink eligibility criteria to receive a sickness or disability allowance);
- Although the Australian Prudential Regulation Authority allows the early release of superannuation payments on medical or compassionate grounds, in many cases cancer patients must go to court to obtain the release of funds from individual fund managers. In some cases, people have died before the funds could be released.

Policy recommendations

- Easier criteria and clearer guidelines for access to income support;
- Better employer support via extended sick leave entitlements;
- A national overhaul of the patient travel and accommodation assistance schemes, including substantial increase in subsidy and streamlining of bureaucratic processes;*
- Improved access to superannuation on compassionate grounds for people with advanced cancer;
- Improved subsidies for breast prostheses, lymphoedema sleeves, specialised aids/feeding supplements and other aids and equipments.

* See separate Cancer Council submission to Senate inquiry into PATS, available at: http://www.aph.gov.au/Senate/committee/clac_ctte/pats/submissions/sublist.htm (sub #109)

Overview

Of people diagnosed with cancer in Australia (excluding non-melanoma skin cancers), 57.2 per cent are aged 65 and over, compared with 32.6 per cent in the 45-64 year age group and 9.4 per cent in the 15-44 year age group.¹

Cancer also becomes more costly to treat as people age, with health system expenditure peaking in the 45-64 year age group for females and 65-74 years for males. As research commissioned by The Cancer Council NSW and conducted by Access Economics shows, individuals diagnosed with cancer also bear a heavy financial burden in out-of-pocket costs.

Given the high personal cost of cancer, and new data showing that the risk of a cancer diagnosis by age 85 is one in two for males and one in three for females, any study into financial stress incurred by older Australians must view support for people with cancer as a priority issue.

Cancer: a growing health burden

The burden of cancer in Australia is increasing, with 106,000 new cases (excluding non-melanoma skin cancers) and 39,200 cancer deaths in 2006. The average age of new cases of cancer is 66 years, and the average age of cancer deaths is 72 years.¹ The most common cancers for those in the over 65 age group are prostate, colorectal, lung, breast and melanoma.²

Approximately 60% of people diagnosed with cancer can now expect to survive their disease.³ As such, issues of survivorship, including the implications of coping financially with life after cancer are gaining in prominence. On the other hand, premature mortality can have a long-term financial impact on the household of the person with cancer, particularly if the person with cancer was the primary breadwinner

Access Economics report into the cost of cancer

The Cancer Council NSW commissioned Access Economics to undertake a systematic analysis of the nature and extent of the financial impact of cancer on individuals and society in NSW.⁴ The report focused on a select list of 13 cancers or cancer groups, based on the cancers with the highest levels of incidence, deaths and costs. As there is no statutory retirement age in Australia, this report categorised people for historical reasons; as either a child (0 to 14 years), working age (between 15 and 64 years), or in the older age group of over 65 years.

Access Economics found that households on average bear 41% of the total financial cost of cancer. Governments pay approximately 42% of these costs; with society taking up the remaining portion. The lifetime financial cost of cancer faced by households for each person diagnosed in 2005 includes the following costs:

- A reduction in income (for example, lost productivity and carer costs); and
- An increase in out-of-pocket expenses including health costs and other financial costs.

Lifetime financial cost of cancer faced by households, with a cancer patient over 65 years of age.*

| Type of Cancer | \$Per person, 65+ years | |
|-------------------------------|-------------------------|---------------|
| | Males | Females |
| Melanoma | 5,300 | 5,200 |
| Colorectal | 11,600 | 9,600 |
| Prostate | 15,300 | - |
| Breast | 10,200 | 9,100 |
| Lung | 14,600 | 12,000 |
| Non-Hodgkins Lymphoma | 12,900 | 11,700 |
| Leukaemia | 14,200 | 11,400 |
| Bladder | 10,800 | 11,500 |
| Kidney | 11,100 | 8,900 |
| Stomach, liver and pancreatic | 13,500 | 10,300 |
| Uterine, ovarian, cervical | - | 9,800 |
| Brain | 17,500 | 13,800 |
| Head, neck, thyroid | 14,000 | 9,200 |
| Other | 16,300 | 15,700 |
| All | 13,400 | 10,600 |

*Most common cancers listed first. Note: these are lifetime expected costs if a person was diagnosed with cancer – some cancers are rare, e.g. breast cancer in males.

For people aged younger than 65 years, the lifetime financial cost of cancer is higher for males than females, because of the difference in expected lifetime earnings, however this effect disappears from 65 onwards. On average, the household of a male over 65 years with cancer can expect to face \$13,400 in costs related to his disease; a female of the same age can expect to pay an average of \$10,600 (see table).

The most expensive cancers for the older age group are brain, lung and prostate cancer. Of these costs, a person with cancer can expect to pay an average of \$5,000 in health care costs (medical gap payments, pharmaceutical products etc.) and an average of \$3,900 in other out-of-pocket expenses such as transport, communication, equipment, specialised clothing, respite care and home modifications. For older Australians, it is expected that the bulk of the costs are incurred in the first year of diagnosis and treatment.

The average personal income for an Australian between 50 to 69 years who is not in the workforce is only \$16,600 per year. More than half of younger retirees (between 50 and 54 years) have incomes of less than \$10,000; this suggests that forced retirement through ill

health is a factor in this group.⁵ The costs incurred from cancer treatment by those who are retired are considerable compared to the average amount of income received.

The Access Economics report also found that the proportion of health-care costs borne by households can be as high as 32% and 20% of the total cost of medical treatment (for prostate and breast cancer respectively). This is mainly because these cancers use more GP and specialist services and more pharmaceutical products – thus individuals contribute more in the form of gap and co-payments.

Transport and other out-of-pocket expenses

Community consultation and research by the Cancer Council has revealed issues regarding the cost of cancer for specific groups – such as those in rural and regional areas, or those that live in under-serviced urban areas. The cost of travel to hospital has a major financial impact for many cancer patients. A recent AIHW report showing regional Australians have higher rates of cancer incidence and mortality has underlined access to health issues faced by those in non-metropolitan areas.⁶

The changes in the way health services are delivered have placed an increasing reliance on transport as a key component of the health system. These changes include early discharge policies,⁷ increased ambulatory and day-surgery procedures,⁸ a decline in the number of doctors in regional areas,⁸ and the decrease in the number of GPs who make home visits.⁹

The nature of cancer treatments, often requiring repeated schedules of treatment at specialist cancer centres results in considerably higher costs to cancer patients. For those undergoing radiotherapy, a typical course of treatment usually involves a round trip to the treatment centre every weekday, for six weeks. For a patient living 99 km from a treatment centre, this would entail a cost of at least \$30 per day when using private transport, amounting to a total up-front cost of \$890 for the entire course of treatment. Under current government patient transport scheme rules in most states, a rebate could not be claimed for this travel.

The Cancer Council Australia in conjunction with the Clinical Oncological Society of Australia has called for a whole-of-government commitment to boosting the funding and efficiency of patient travel and accommodation assistance schemes in order to reduce inequities in cancer care outcomes.

Cancer Council research has also revealed cost burdens for women who have undergone mastectomy who pay up to \$500 every two years to have their prostheses replaced and to purchase accompanying clothing. The costs are double for those who underwent bilateral mastectomy. Similar problems are faced with cancer patients who are required to purchase lymphoedema garments (approximately \$600 per annum), and parenteral nutrition supplies (\$300 per month). Although government subsidies are theoretically available to assist with some of these items, there are reported problems with access and are only available to those on a very low income (perhaps specify the cut-off for PADP in NSW as an example). Several consumer groups have been calling for enhanced government assistance schemes to increase the availability and affordability of these items for cancer patients.

Financial assistance program

In acknowledgement of the financial hardship often faced by patients, Cancer Councils in several states have introduced a financial assistance program. The program provides once only assistance to cancer patients for items such as utility bills, pharmaceutical costs, car repairs and registration, home modifications, council rates, wigs and prostheses, as well as food and cab vouchers. To put this in context, over a ten month period, The Cancer Council NSW provided assistance to over 660 people, at a total cost of \$250,000. These were people that were unable to receive adequate assistance from government departments.

While these programs provide a much-needed immediate response to people in financial crisis, they cannot substitute for a public policy response to the additional costs of living faced by older Australians who have cancer.

Conclusion

The financial burden of cancer is a hidden cost of the disease. Many cancer patients and their families are dealing with the financial implications of their illness at a time of exceptional stress. On average, older Australians with cancer can expect to pay around \$11,000 in out-of-pocket expenses and lost income over the course of their disease.

For older Australians on a pension or fixed income, many of these costs are overwhelming. The Cancer Council Australia calls on the government to recognise the financial burden faced by cancer patients and the ongoing implications of this, including:

- That households are bearing almost the same proportion of the cost of cancer as the government;
- That for survivors, cancer becomes a chronic illness, sometimes with long term after-effects (lymphoedema, disability etc.) that require treatment and monitoring in themselves;
- That income support arrangements don't appear to be well-g geared to cancer patients needs. For example, there have been reports from cancer survivors that it is difficult for them to fit the Centrelink eligibility criteria to receive a sickness or disability allowance; and
- Although the Australian Prudential Regulation Authority allows the early release of superannuation payments on medical or compassionate grounds,¹⁰ cancer patients often must go to court to obtain the release of these funds from individual fund managers. In some cases, people have died before the funds could be released.

The Cancer Council believes that no-one – regardless of income – who is undergoing treatment for cancer should be financially burdened as a consequence of their diagnosis. We believe that assistance schemes should be available for all cancer patients to cover the associated costs of their medical treatment and out-of-pocket expenses. In addition, policies regarding welfare and disability payments should adequately address the financial burden faced by those with life-threatening forms of cancer.

Both state and federal governments have a responsibility to address the above issues and alleviate these cost burdens on cancer patients and their families by implementing:

- Easier criteria and clearer guidelines for access to income support;
- Better employer support via extended sick leave entitlements;
- A national overhaul of the patient travel and accommodation assistance schemes, including substantial increase in subsidy and streamlining of bureaucratic processes;
- Easier access to superannuation on compassionate grounds for those with advanced disease;
- Improved subsidies for breast prostheses, lymphoedema sleeves, specialised aids/feeding supplements and other aids and equipments.

As cancer is expected to affect almost every household across Australia, the financial burdens imposed by this disease must be addressed in order to fulfil the expectations of a healthy and content retirement.

References

- ¹ *Cancer in Australia: An overview 2006*. Canberra: AIHW. Cancer series no. 37. Cat. no. CAN 32.
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- ⁶ AIHW and AACR. 2007. *Cancer in Australia: An overview 2006*. Canberra: AIHW. Cancer series no. 37. Cat. no. CAN 32.
- ⁷ Gray, L.C. et al. 2004. Trends in the use of hospital beds by older people in Australia: 1993-2002. *MJA*. 181:478-481.
- ⁸ House of Representatives Standing Committee on Health and Ageing. 2005. *Future Ageing: Report on a draft report of the 40th Parliament: Inquiry into long-term strategies to address the ageing of the Australian population over the next 40 years*. Canberra: Commonwealth of Australia.
- ⁹ National Aged Care Alliance. 2007. *Transport and access to health care services for older Australians: Position paper*. Canberra: NACA.
- ¹⁰ Australian Prudential Regulation Authority. *Early Release of Superannuation Benefits*. www.apra.gov.au Accessed on: 18.7.07