

Clear Focus

The Economic Impact of Vision Loss in Australia in 2009

An overview of the report prepared for
Vision 2020 Australia by Access Economics Pty Limited

June 2010

Overview prepared by Vision 2020 Australia, in collaboration with Access Economics and the project steering committee.

Copies of the full report are available from www.vision2020australia.org.au or by calling +61 3 9656 2020.

The financial support of members including the Brien Holden Vision Institute, Optometrists Association Australia, The Royal Australian and New Zealand College of Ophthalmologists and Vision Australia, as well as Alcon Australia and Pfizer Australia is gratefully acknowledged.

Vision 2020 Australia is a national body working in partnership to prevent avoidable blindness and improve vision care.

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Note – Figure and table numbering refers to the complete Access Economics Pty Limited report 'Clear Focus – The Economic Impact of Vision Loss in Australia in 2009' released June 2010.

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Background

Vision 2020 Australia, on behalf of its members has commissioned a report from the independent economic analysts, Access Economics Pty Limited to update *Clear Insight* (2004) – a report outlining the economic impact and cost of vision loss in Australia.

Clear Focus (2009) provides current data and updated projections to 2020 of the economic impact and cost to government, industry and the community of vision loss in Australia.

Many Australians are needlessly experiencing vision loss and blindness. By addressing uncorrected refractive error and cataract alone—three quarters of those with vision loss in Australia could have their sight restored.

Low vision and rehabilitation services are critical for people with vision loss and are central to improving quality of life and reducing barriers to full participation within the community.

In 2009, the Australian Government endorsed the World Health Assembly *Action Plan for the Prevention of Avoidable Blindness and Visual Impairment*. With only ten years to go, a clear focus by government and the sector is needed to meet the objectives of this plan and eliminate avoidable blindness and vision loss in Australia by the year 2020.

About Vision 2020 Australia

Established in October 2000, Vision 2020 Australia is part of *VISION 2020: The Right to Sight*, a global initiative of the World Health Organisation and the International Agency for the Prevention of Blindness.

As the peak body for eye health and vision care, Vision 2020 Australia represents over 60 members involved in local and global eye care, health promotion, low vision support, vision rehabilitation, eye research, professional assistance and community support.

Vision 2020 Australia's mission is to eliminate avoidable blindness and vision loss by the year 2020 and ensure that blindness and vision impairment are no longer barriers to full participation in the community.

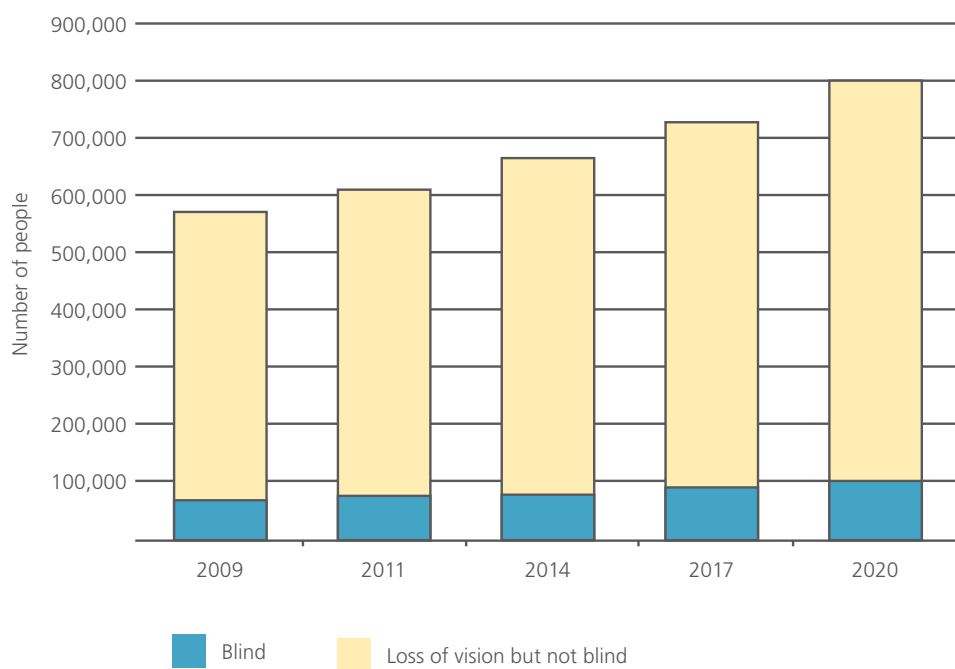
Frequency and causes of vision loss and blindness

Low vision and blindness continues to be a huge and overlooked problem in Australia.

Almost 575,000 Australians over 40 had vision loss in 2009, representing 5.8% of the population in that age group. Of these people around 66,500 were blind, with the largest proportion aged over 70 (nearly 70%). Presbyopia accounted for an additional 73,000 in 2009.

It is projected that the number of people with vision loss aged 40 or over will rise to almost 801,000 by 2020, and those who are blind will rise to 102,750. In addition, the number of people with presbyopia is projected to rise to almost 90,000 by 2020. This rise reflects an ageing population and assumes a policy-neutral environment.

Chart i: Projections of Australians aged 40 or over with vision loss



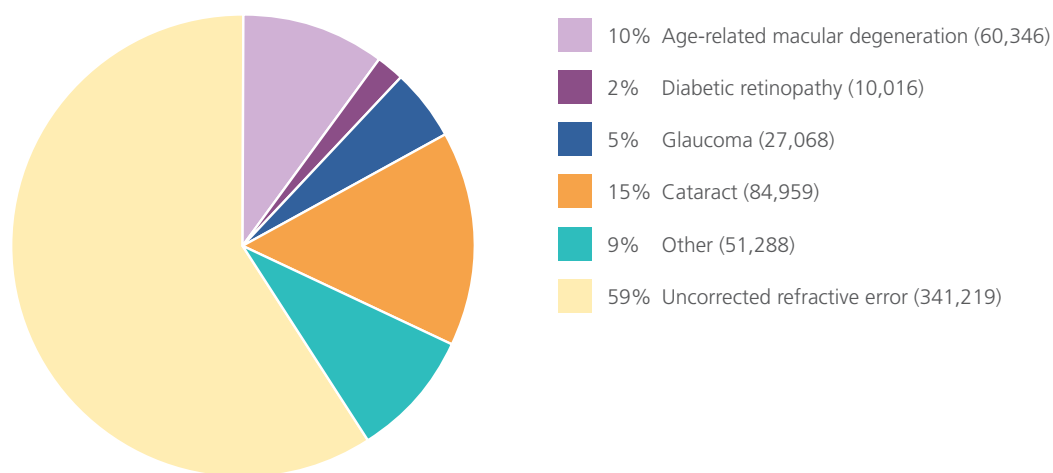
- 75% of vision loss is preventable or treatable¹
- Over half a million (575,000) Australians have vision loss
- The prevalence of vision loss trebles with each decade over the age of 40

¹ Australian Institute of Health and Welfare, *Vision problems among older Australians*, July 2005.

Most vision loss was caused by uncorrected refractive error (over 341,000). Cataract caused 15% of vision loss, age-related macular degeneration 10%, glaucoma 5% and diabetic retinopathy 2%.

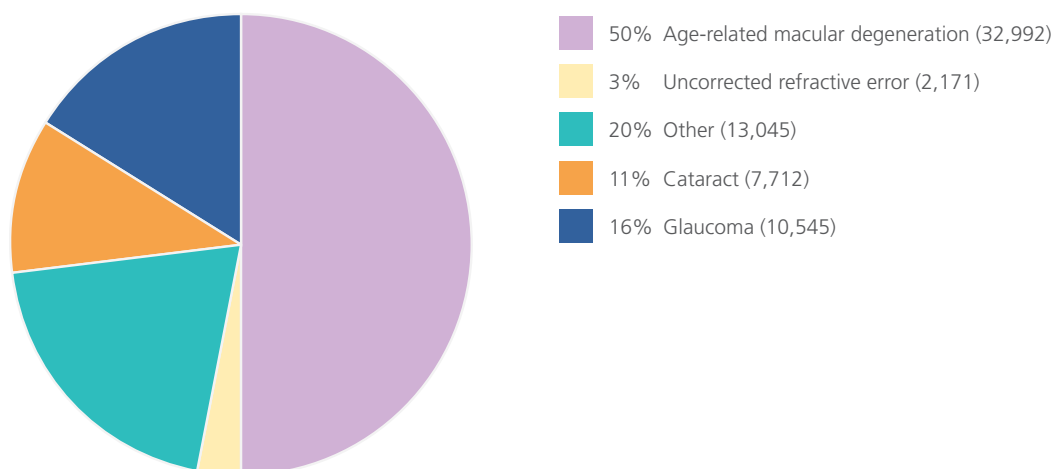
The report defines vision loss as visual acuity of less than 6/12 in both eyes and blindness as visual acuity of less than 6/60 in both eyes or visual field of less than 10 degrees.

Chart 2.1: Vision loss by cause among Australians aged 40 or over, 2009



The most common causes of blindness were age-related macular degeneration (50%), glaucoma (16%) and cataract (11%).

Chart 2.2: Blindness by cause among Australians aged 40 or over, 2009



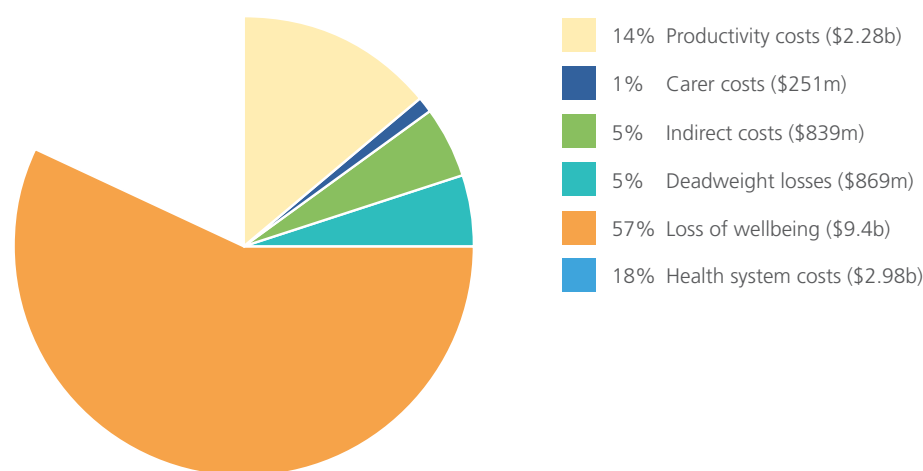
Total costs in Australia

The total economic cost of vision loss in Australia is estimated to be \$16.6 billion in 2009 or \$28,905 per person with vision loss aged over 40.

This is made up of:

- Total health system costs of \$2.98 billion
- Total other financial cost of vision loss of \$4.2 billion or \$7,373 per person aged over 40 with vision loss including –
 - \$2.28 billion in estimated productivity losses of those with vision loss
 - \$869 million in estimated deadweight losses from transfers and lost taxation
 - \$839 million in estimated other indirect costs (aids, modifications, other carer and bring forward of funeral expenses)
 - \$251 million in estimated carer (opportunity) costs
- Loss of wellbeing of \$9.4 billion, a cost of \$16,360 per person with vision loss aged over 40

Chart 7.10: Components of total economic cost of vision loss in 2009 (total \$16.6 billion)



In 2004, the estimated total cost of vision loss was \$9.8 billion. The increase to \$16.6 billion in 2009 reflects population ageing and inflation over time. New data on the costs of informal care was also included and a revised methodology was used.

- Millions of dollars could be saved annually if avoidable vision loss was prevented
- A return of close to \$5 for every dollar invested can be achieved²

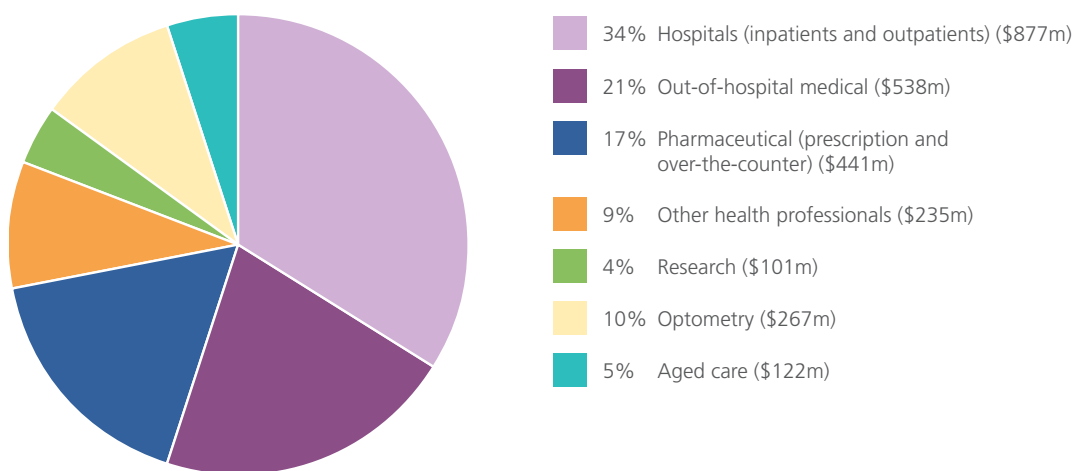
² Access Economics, *Investing in Sight: Strategic Interventions to Prevent Vision Loss in Australia*, 2005.

Direct health costs

Total health expenditure is estimated to be \$2.98 billion in 2009 (\$2.58 billion of which is expenditure that can be allocated by disease). Allocated health expenditure is projected to reach \$4.8 billion by 2020 or \$5,950 per person with vision loss aged over 40 in 2020.

The 2009 allocated expenditure figure of \$2.58 billion represents an annual increase of approximately 4.8% from the 2004 allocated expenditure figure of \$1.82 billion, in real terms.

Allocated health system expenditure, 2009 (total \$2.58 billion)



Hospital costs remain the largest component of allocated expenditure but fell as a share of total expenditure from 38% in 2004 to 34% in 2009.

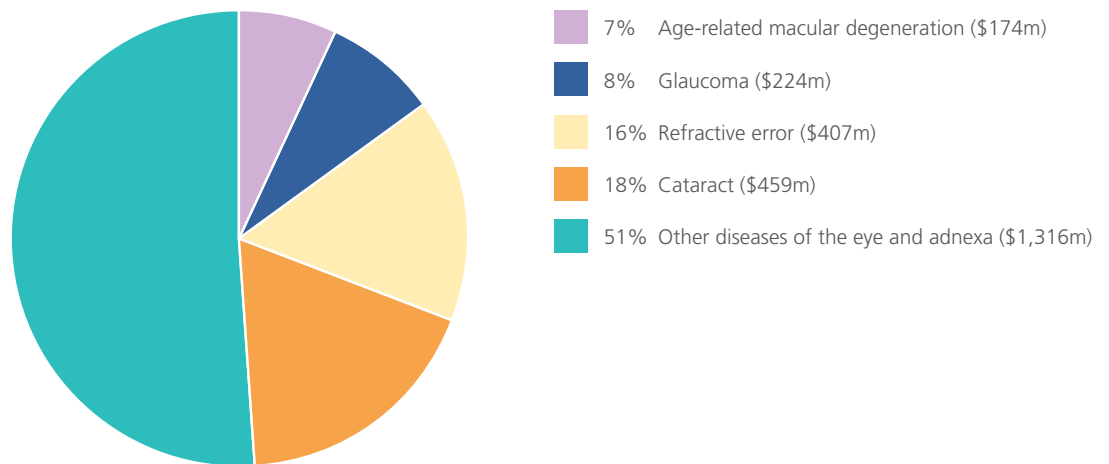
Spending on pharmaceuticals comprised a much greater component of allocated expenditure in 2009 – 17% compared to 11% in 2004.

The share of other costs remained similar to 2004.

- The direct costs of treating eye disease is significant – \$2.98 billion
- Allocated health expenditure on eye conditions is growing at approximately 4.8% per annum in real terms
- Large increase in spending on pharmaceuticals due to effective new treatments

Direct health costs

Figure 4.2: Allocated health system expenditure in 2009 by condition (total \$2.58 billion)



Cataract remains the largest single direct health cost condition – \$459 million or 18% of allocated health system costs.

The age-related macular degeneration share of total allocated expenditure rose substantially from 2004 to 2009 from 1% to 7%, largely due to the inclusion of government expenditure on Lucentis.

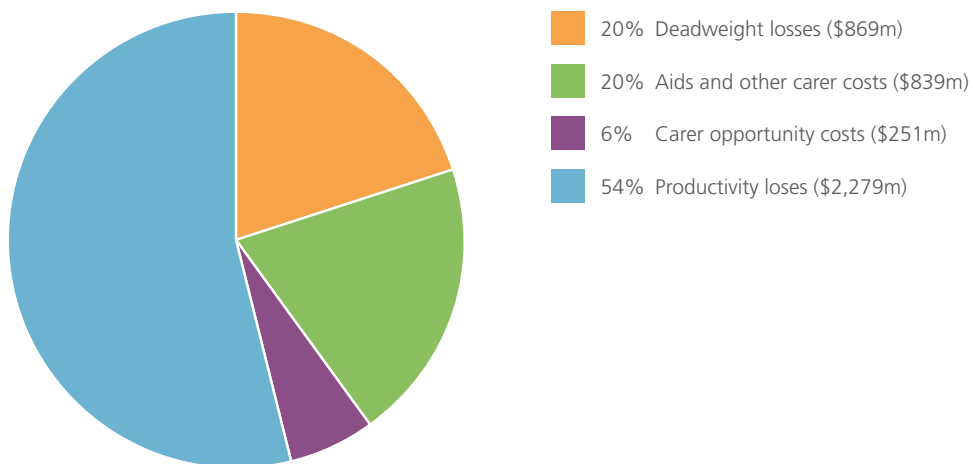
- Allocated health expenditure on eye care per person aged over 40 with vision loss increased from \$2,762 in 2004 to \$4,489 in 2009
- Large increase in spending for age-related macular degeneration due to effective new treatments

Indirect financial costs

Equally as important are the indirect financial costs of vision loss, which include productivity losses of those with vision loss, productivity losses of their carers and other indirect costs such as the costs of aids and modifications. These are almost 1.5 times the direct health system costs and totaled \$4.2 billion in 2009.

- Lost earnings for people who are blind or have vision loss are estimated to cost the economy almost \$2.3 billion in 2009
- The cost of carers, including their lost earnings, is estimated at \$251 million
- Aids, equipment, home modifications and other indirect costs are estimated as \$839 million
- Deadweight losses associated with transfers (taxation revenue foregone due to lost earnings and welfare payments) are estimated as \$869 million.

Summary of other financial costs associated with vision loss in 2009 (see table 5.3.2)



- Vision loss has significant social and economic costs
- The indirect cost to the community of vision loss is \$4.2 billion

Loss of wellbeing

The estimated cost of lost wellbeing from vision disorders for people aged over 40 was estimated at \$9.4 billion in 2009.

This represents 57% of the total estimated economic cost of vision loss in 2009.

This is significantly higher than the \$4.8 billion cost in 2004 reflecting the inclusion of uncorrected refractive error in the loss of wellbeing estimates and data on co-morbidities.

Vision loss prevents healthy and independent ageing and it is associated with the following:

- Risk of falls increased two times
- Risk of depression increased three times
- Risk of hip fractures increased four to eight times
- Admission to nursing homes three years early
- Twice as likely to use health services

- Low vision can needlessly affect people's quality of life and independence
- Quality of life and independence can be improved through rehabilitation, aids and equipment which enhance vision and improve functionality of those with vision loss

The policy context

Vision loss and blindness have broad ranging impacts for our society.

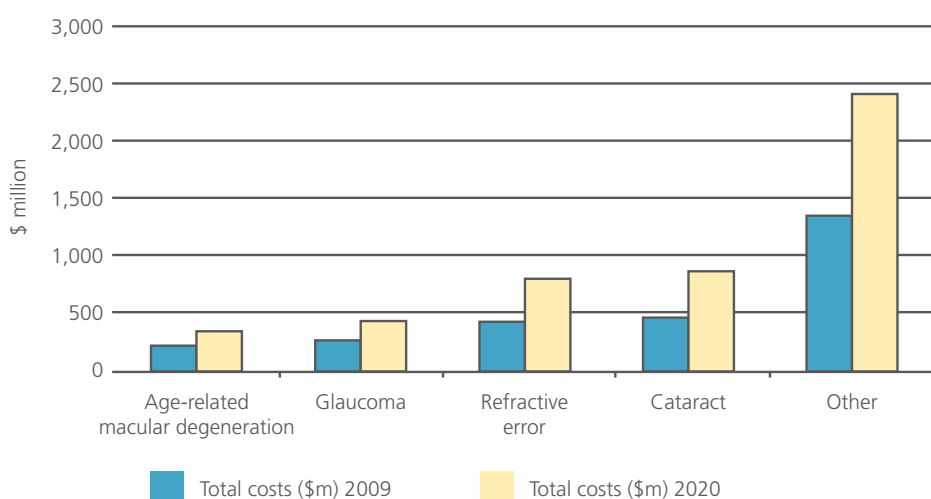
Each year thousands of people in Australia needlessly experience vision loss and many go blind.

In 2009 almost 575,000 Australians aged over 40 have vision loss and 66,500 of these people are blind. This represents 5.8% of the Australian population in this age group and will increase as the population continues to age.

Given 75% of vision loss is preventable or treatable, it is staggering that in economic terms the total cost to the Australian community was a massive \$16.6 billion in 2009.

Allocated health system costs alone are estimated to rise to \$4,766 million by 2020, compared with \$2,580 million in 2009.

Chart 4.9: Allocated health system costs (\$m), by disease, 2009 and 2020



The existing *National Framework for Action to Promote Eye Health and Prevent Avoidable Blindness and Vision Loss* (National Framework) has gone a long way to creating a good foundation for the future and funding of \$13.8 million over the last four years has enabled a range of programs to be implemented through the National Eye Health Initiative.

Australia's endorsement of the World Health Assembly *Action Plan for the Elimination of Avoidable Blindness and Visual Impairment* by the Australian Government in 2009 commits government to achieving five key objectives to reach the goal of eliminating avoidable blindness by 2020 including:

- Strengthen advocacy to increase Member States' political, financial and technical commitment in order to eliminate avoidable blindness and visual impairment
- Develop and strengthen national policies, plans and programmes for eye health and prevention of blindness and visual impairment
- Increase and expand research for the prevention of blindness and visual impairment
- Improve coordination between partnerships and stakeholders at national and international levels for the prevention of blindness and visual impairment
- Monitor progress in elimination of avoidable blindness at national, regional and global levels

What needs to be done?

To support the policy context and the recent Health Reforms, *Clear Focus – the Economic Impact of Vision loss in Australia in 2009* outlines a number of key recommendations which highlight what needs to be addressed as we work towards the goal of eliminating avoidable blindness by 2020.

The range of measures identified include:

- **Coordination, cooperation and collaboration in vision related policy**

There is a need for health, disability and aged care policies, programs and funding to work together particularly for people with low vision and blindness.

- **Evidence base, evaluation and reporting**

Although identified in the National Framework, it is still not possible to gauge Australia's success in reducing avoidable blindness. Ongoing high quality epidemiological, clinical, economic, health services and evaluation research is required.

- **Focus on prevention**

Vision health needs to be seen as a public health issue, particularly targeting at risk communities through dedicated social marketing campaigns as well as integrating with other prevention programs.

- **Regular eye health examinations**

Are required for early detection of eye disease and will reduce vision loss from age-related macular degeneration, diabetic retinopathy and glaucoma.

- **Reforming care for those with diabetes**

Eye health needs to be integrated into primary health care chronic disease management programs.

- **Elective surgery**

Waiting times for ophthalmology procedures, in particular cataract surgery, are higher than average requiring waiting list management and monitoring especially in rural and remote areas.

- **Health workforce**

Eye health workforce planning and delivery is an enormous issue, particularly in rural, remote and Indigenous communities.

- **Education and employment**

Engaging people with low vision or blindness in education is vital and is associated with greater likelihood of employment.

- **Government vision health directorates**

A new ten year eye health and vision care strategy is needed for Australia to be implemented by a national vision health directorate.

Countdown to 2020

Vision loss affected more than half a million Australians aged 40 or over in 2009. Demographic projections suggest that around 800,000 Australians will have low vision by 2020. Vision loss comes with a substantial cost to quality of life.

Australia has joined with other countries to eliminate avoidable blindness by 2020 through the collaborative initiative *VISION 2020: The Right to Sight*.

With ten years remaining, the government and the sector need to build on the existing foundations and work together to ensure avoidable blindness is eliminated by 2020 in Australia and that blindness and vision impairment are no longer barriers to full participation in the community.



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**National body working in partnership to prevent
avoidable blindness and improve vision care**

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