

Health as an investment

Approved September 2017

1. In New Zealand, discourse relating to public health care has traditionally been largely framed as a 'cost' to government. Yet spending on health has many benefits, including direct financial as well as indirect financial and other benefits. Better health is associated with increased labour supply and productivity.¹ Despite known measurement issues,² health has been comprehensively shown to be a major contributor to economic growth.^{1,3} Analysis of recent spending by government sectors in multiple EU countries also strongly suggests considerable economic gains from government spending on health and education, with (in the short term at least) a return on investment of nearly \$5 for each \$1 of government spending on health.⁴ As such, spending on health should be viewed as an investment in the health, wellbeing and productivity of New Zealanders, and cost-saving to other sectors, not as simply a drain on the economy.
2. Health systems should have enough resources to attend to the needs of their populations.⁵ The NZMA calls for public debate regarding the levels of funding required to fulfil the original aims of universal access to comprehensive public healthcare services in New Zealand.^{6,7} Investment in health can mitigate health costs and improve quality of life.⁶
3. The New Zealand Health Strategy⁸ acknowledges the importance of an investment approach to health. According to the Strategy:
"An investment approach takes into account the long-term impact of current government spending on people's lives. Investment in the health sector that results in people having a greater ability to participate in education and employment and a lower prevalence of, for instance, alcohol and drug dependency, family violence or mental health conditions, has a positive long-term financial impact for the social sector. It also has nonfinancial benefits as people experience longer lives, lived in better health and independence, with greater educational achievement and with dignity. As a specific funding mechanism, 'investment funding' gives providers an incentive to focus on these long term impacts and value them alongside immediate, short-term gains."
4. The NZMA strongly supports an investment approach to health as articulated in the New Zealand Health Strategy. We recommend that policy and decision makers, as well as funders, take an investment approach to health. This should account for full long-term costs and benefits to ensure a balanced, rather than narrow, view of investment.^{9,10} This is likely to require greater inter-sectoral collaboration and sharing of information. Life cycle approaches are important⁹—eg, at various stages we are all young, and we all die.
5. The NZMA also supports the social investment approach to public policy and New Zealand's public sector spending,¹¹ with evidence-informed investment of resources upfront to enable people in need to thrive over the longer term, at the level of individuals and families/whānau.
6. The economic benefits of investing in health¹ extend to improving health equity,¹² given the positive relationship between equity and improved economic performance.¹³ Health inequities represent fiscal, as well as moral, failure. Action taken to reduce health inequities will benefit society and the economy, by decreasing the productivity losses from illness; also by decreasing

societal costs associated with effects of mental illness and violence; and by decreasing numbers of people needing to receive benefits.

7. The increasing costs of healthcare are partly caused by increased treatment costs for conditions that could have been largely prevented through action on the social determinants of health. Social determinants of health are the conditions in which people are born, grow, live, work and age, and include factors such as early life conditions, education, employment and working conditions, food security, housing, and income. Addressing the social determinants of health not only achieves better health equity, but is crucial to the financial sustainability of the health system.¹² As most of the social determinants of health lie outside the health sector, inter-sectoral and whole-of-government approaches to addressing the social determinants of health are required.

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