



NAB HEALTH CONSUMER INDICATOR

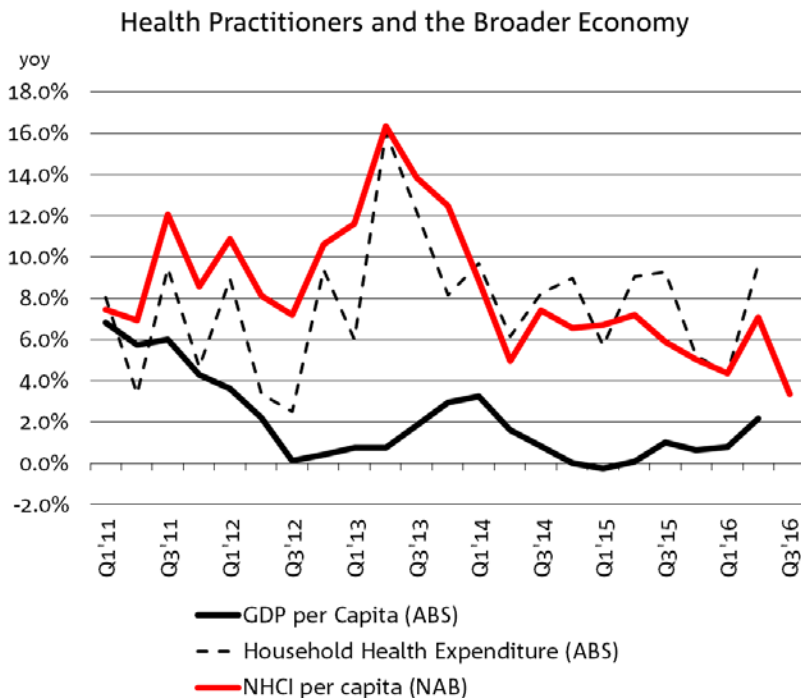
OCTOBER 2016

SPEND BY PRACTITIONER'S CUSTOMERS

- This report provides a first look at Australian household spending patterns across a range of patient care practitioners (excluding GP's, hospitals, pharmacies) based on transactions made through NAB's health payment systems. The **NAB Health Consumer Indicator (NHCI)** grew nationally by 3.4%, year on year in the September quarter 2016. NAB's measure of health spending has historically outpaced growth in the broader economy and is generally in-line with other wider measures of health spend. Given around a third of all health spending comes from non-government private consumption, this report should be informative for both consumers and practitioners alike.

SPENDING ON HEALTH SERVICES SLOWING IN THE SEPT QTR

- The NAB Health consumer Indicator (NHCI) is a new measure of consumer spend on health services based on private household expenditure of practitioners that have a direct patient care role (such as speech pathologists, optometrists, physiotherapist and dentists). It does not include in-patient care or associated professionals such as nursing.
- The NHCI is a per-capita measure i.e. an indicator of an individual's spending behaviour across a range of health services.



- When compared with other health spend measures, as well as economic growth, the NHCI shows that generally growth in consumer spend at health practitioners is higher than broader economic growth, and that growth in more recent years has been more subdued (in-line with broader economic activity). It is also worth noting the NHCI is highly correlated with the ABS estimate for household health spend.

BUT, MONTHLY GROWTH FASTER

- In order to provide timely information the NHCI can also be tracked on a monthly basis. Average customer health spend in September expanded (0.3%mom, s.a), compared to a contraction in August (-0.9%). Looking through the month to month volatility, our trend estimate shows spending is generally slowing to rates last experienced in March 2014, but remains positive.

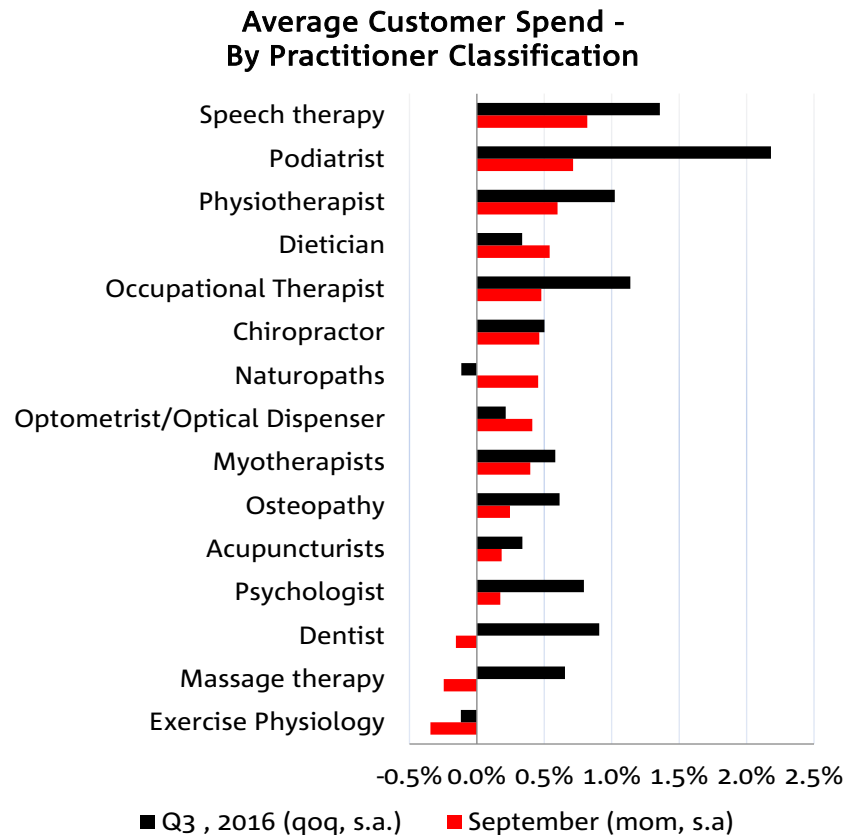


SPEND BY MODALITY

BIG DIFFERENCES IN SPEND BY MODALITY

AVERAGE SPEND GROWTH WAS FASTEST IN THE MONTH FOR SPEECH THERAPY, PODIATRY, AND PHYSIOTHERAPY.

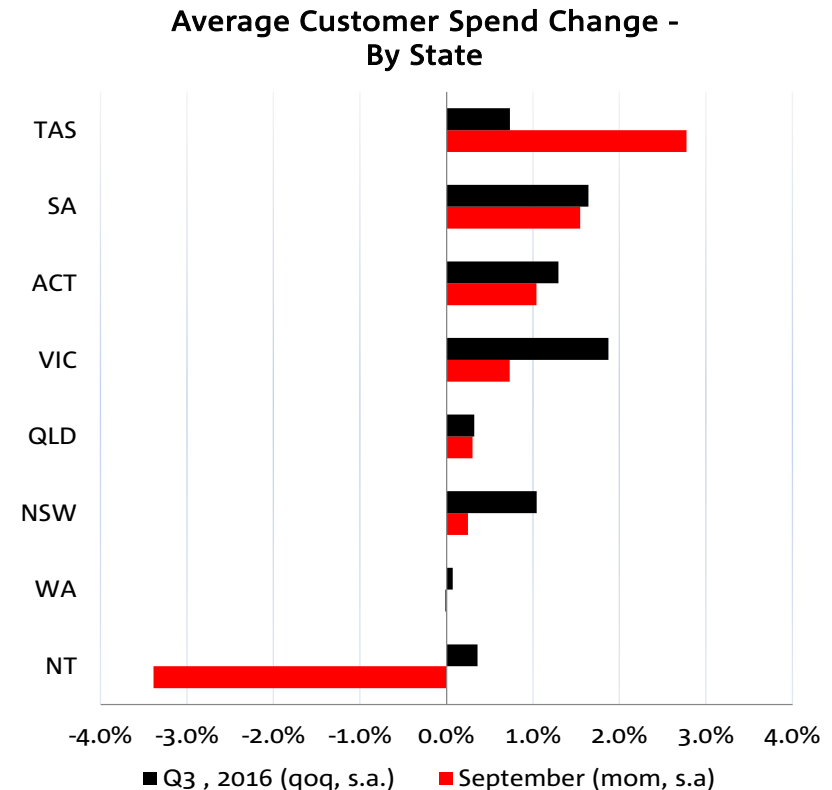
- These three modalities, along with occupational therapy, recorded the highest growth for the September quarter. While dentistry was third slowest in the month, over the quarter, it recorded the fifth fastest growth in average spend. The only segment to record an average spend fall in both the month and quarter was exercise physiology.



SPEND BY STATE ALSO VARIES

TASMANIA HAD THE FASTEST AVERAGE SPEND GROWTH IN THE MONTH, ALTHOUGH VICTORIA RECORDED THE FASTEST GROWTH OVER THE QUARTER.

- Growth in the month was virtually flat in WA, and the slowest of all the states and territories over the quarter. While it could be argued that this is reflective of changed macroeconomic conditions, our data suggests that, for the period observed, spend growth in the identified areas of health is typically lower in WA, regardless of the economic cycle



SPECIAL FOCUS: WHERE CONSUMERS LIVE CAN BE AN IMPORTANT FACTOR IN HOW MUCH IS SPENT AT A PRACTITIONER.

- The scale of the available data is considerable. For example, the charts below look at dental spend by region.
- Figure 1 shows average dental spend by location across Australia - a darker shade represents a higher level of average consumer spend, while a lighter shade indicates a lower level. This suggests that generally, people spend more at an average visit to the dentist in regional and remote areas. This may not be a purely market competition issue. Those in remote areas may travel longer distances and make more use of each visit to avoid repeated trips.
- But, the data is even more powerful. For example, it can also be split by type of procedure. For example, Figure 2 and 3 show the average spend on one root canal related dental procedure in Victoria and Melbourne.
- In this instance, there are regions outside of metropolitan Melbourne that are paying considerably less than in metro areas. But, regional Victorians can also pay more than their city counterparts for this procedure. Similarly even within Melbourne there is a notable difference in average spend for this procedure.
- The purpose of these maps is not to explain why this might occur but simply to highlight the depth of insight available.

Figure 1: Australia wide dental spend

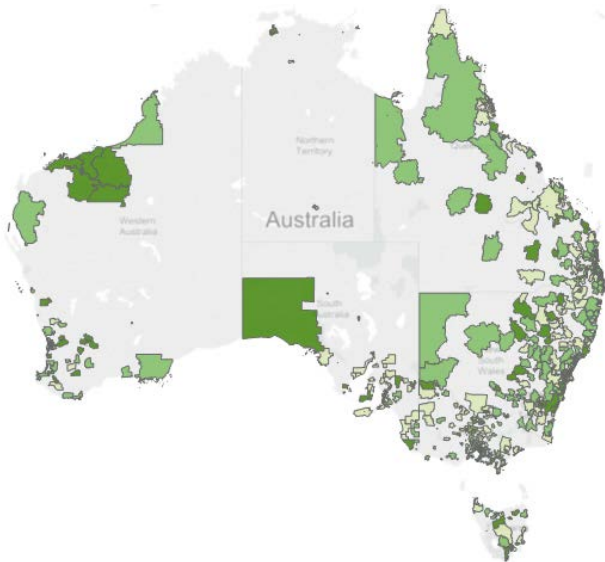
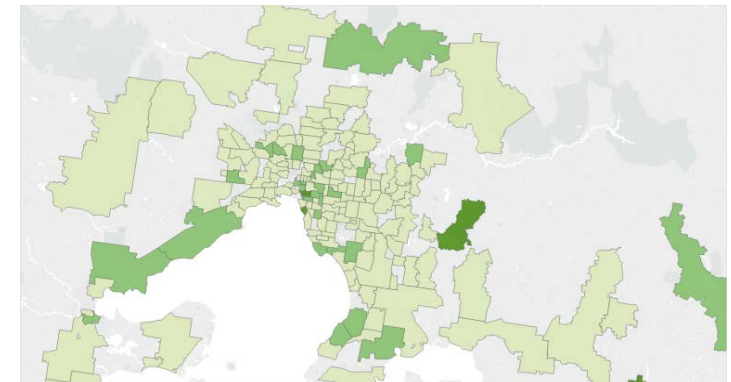


Figure 2: State focus (the average spend on a root canal)



Figure 3: Melbourne (the average cost of a root canal)



ABOUT THE DATA

- The NAB health practitioners spend estimate is based on spend at HICAPS terminals.
- Data for economic growth (GDP), Household Final Consumption expenditure is sourced from the Australian Bureau of Statistics.
- Per capita data is derived from the dollars spent per person on a given service. Population data is sourced from the Australian Bureau of Statistics
- Our estimate is a current price measure. Data is seasonally adjusted unless specified.

CONTACT THE AUTHORS

Alan Oster
Group Chief Economist
Alan.Oster@NAB.com.au
+613 8634 2927

Dean Pearson
Head of Behavioural & Industry Economics
Dean.Pearson@NAB.com.au
+613 8634 2331

Robert De lure
Senior Economist - Behavioural & Industry Economics
Robert.De.lure@NAB.com.au
+613 8634 4611

Brien McDonald
Senior Economist - Behavioural & Industry Economics
Brien.McDonald@NAB.com.au
+613 8634 3837

Steven Wu
Senior Analyst - Behavioural & Industry Economics
Steven.Wu@NAB.com.au
+613 9208 2929

Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances.

NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it. Please click [here](#) to view our disclaimer and terms of use.