

## **THE ECONOMIC COST OF DEMENTIA IN AUSTRALIA 2016-2056 RESEARCH SUMMARY**

Alzheimer's Australia commissioned NATSEM to estimate the prevalence and incidence of dementia in Australia over the next 40 years, the need for carers, and the direct and indirect costs of the condition over the period 2016 to 2056. Some of the key findings of this research are:

### **DEMENTIA IN AUSTRALIA**

- The number of Australians with probable dementia in 2017 is estimated to be 413,106 people - 184,868 (45%) males and 228,238 (55%) females. The prevalence of dementia is projected to increase by 33% to 536,164 individuals by 2025, and 2.75 fold to 1,100,890 by 2056.
- In 2017, there are an estimated 25,938 people with younger onset dementia. This number is expected to rise to 29,375 people by 2025 and 42,252 people by 2056.
- Currently around 237 people are joining the population with dementia each day. The number of new cases of dementia will increase to 318 people per day by 2025 and over 650 people by 2056.
- Dementia is the second leading cause of death of Australians contributing to 5.4% of all deaths in males and 10.6% of all deaths in females each year. Deaths with dementia identified as the underlying cause of death on death certificates represent, however, only 15% of all deaths in males with dementia and around 22% of all deaths in females with dementia.
- Dementia is the second leading cause of burden of disease in men aged 85+ years and the leading cause of disease burden in women aged 85+ years.

### **CARING FOR PEOPLE WITH DEMENTIA**

- It is estimated that in 2017, 31,427 males and 66,189 females with dementia are living in cared accommodation - 94% in residential aged care facilities. Meanwhile, around 83% of all males with dementia (153,440) and 71% of females (162,048) live in the community.
- In 2017, there are an estimated 94,672 paid carers looking after people with dementia in the residential aged care setting, and 196,491 carers of people with dementia in the community, the majority of whom are informal carers.
- The projections suggest that by 2025 some 255,800 carers will be needed in the community and 122,100 carers working in the cared accommodation sector. These numbers are expected to double by 2056 to around 525,540 carers in the community and 250,420 paid carers in residential aged care.

### **TOTAL COSTS OF DEMENTIA**

- In 2017, dementia is estimated to cost Australia \$14.67 billion.
- Direct costs such as the cost of hospitalisation, visits to GPs and medical specialists, care, pharmaceuticals, transport and other direct costs, contribute to just over 61% of the total costs of dementia, and indirect costs through the lost productivity of both people with dementia and carers to just over 38% of total costs.
- By 2025, the total cost of dementia is predicted to increase to \$18.7 billion in today's dollars, and by 2056, to over \$36.8 billion, which represents a 2.6 fold increase in costs from 2016.

## **DIRECT COSTS OF DEMENTIA**

- The total annual direct cost of dementia is estimated to be \$9 billion in 2017, rising to \$11.8 billion by 2025 and by 2.7 fold to \$24.1 billion by 2056 (in 2016 dollars).
- Costs of hospitalisation and care costs are the largest components of direct costs of dementia, representing 53% and 37% of total direct costs respectively. In 2017, the hospital cost for people with dementia is estimated to be \$4.7 billion, while the care cost is \$3.4 billion. These costs are expected to rise to \$6.2 billion and \$4.3 billion respectively by 2025 and \$12.6 billion and \$8.9 billion respectively by 2056.
- In 2017, per capita costs ranged from \$15,911 for a person aged <70 years who lives in the community with mild dementia to \$137,926 for a male aged 75-79 years living in residential aged care with severe dementia.
- In 2017, the average direct cost of dementia in the community was estimated to be \$45,393 per person within the first year of dementia compared with \$55,904 for a person with dementia living in residential aged care. The cost for subsequent years is estimated to be \$12,835 and \$23,810 per person respectively.

## **INDIRECT COSTS OF DEMENTIA**

- Total indirect costs of dementia from the potential loss of income from lost productivity of people with dementia and carers is estimated to be \$5.6 billion in 2017, \$3.2 billion (59%) from the forgone earnings by carers and \$2.3 billion (41%) from the potential loss of income from people with dementia withdrawing from the workforce.
- The total indirect costs of dementia are expected to increase to \$7 billion by 2025 and more than double to \$12.8 billion by 2056.

## **IMPACT OF REDUCED INCIDENCE OF DEMENTIA ON COSTS**

- The lifestyle risk and protective factors for dementia offer very real opportunities for prevention programs that reduce the number of Australians developing dementia each year.
- A 5% reduction in the annual age-sex specific incidence rates for dementia in people aged 65 years and above would lead to a 7% reduction in the number of people with dementia in the population by 2025 and a 24% reduction by 2056. For example, there would be nearly 36,400 fewer people with dementia in 2025 and almost 261,000 fewer people by 2056 compared with the current projections of the prevalence of dementia over the next 40 years.
- Such an intervention would result in a total savings of \$5.7 billion in the costs of dementia over the period 2016-2025 (comprising savings in direct costs of \$4 billion and indirect costs of \$1.7 billion) and a massive \$120.4 billion by 2056 (savings in direct costs of \$76.6 billion and indirect costs of \$43.8 billion).