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THE BUSINESS CASE FOR BREASTFEEDING SUPPORT

Breastfeeding Lowers Health-Care Costs

The reduced health-care costs for breastfed infants translate into lower medical insurance claims for businesses. Babies who are not breastfed visit the doctor more often, spend more days in the hospital, and require more prescriptions than breastfed infants. One study found that for every 1,000 babies not breastfed, there were 2,033 extra physician visits, 212 extra hospitalization days, and 609 extra prescriptions for three illnesses alone—ear, respiratory, and gastrointestinal infections.² These numbers don't include the risks of other childhood illnesses and infections or diseases, such as breast and ovarian cancer, which are also reduced for mothers who breastfeed.³

Companies that provide comprehensive onsite lactation support programs enjoy additional health-care cost savings. That's because these programs allow employees to breastfeed longer and to breastfeed exclusively for six months (the recommendation of the American Academy

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of Pediatrics), which provides the greatest health advantages for breastfeeding employees and their infants. When programs include prenatal education to help improve breastfeeding outcomes, the savings are even greater.

Breastfeeding Lowers Turnover Rates

Employees are more likely to return to work after childbirth and continue working at their previous place of employment when their workplace provides a supportive environment for continued breastfeeding. Being able to keep experienced employees after childbirth means lowering or eliminating the costs a company would incur to hire temporary staff or to recruit, hire, and train replacement staff, both of which involve additional lost revenue while getting new staff up to speed. One study of several companies with lactation programs showed a retention rate of 94.2 percent compared to the national average of only 59 percent.⁴ A New Zealand study estimated \$75,000 in savings for each employee returning to work after maternity leave.⁵

Breastfeeding Boosts Productivity and Loyalty.

Employees whose companies provide breastfeeding support consistently report improved morale, better satisfaction with their jobs, and higher productivity.⁶ The support also eases the transition back to work and enables them to return from maternity leave sooner.

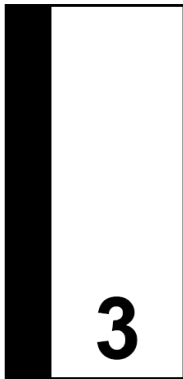
The Business Case for Breastfeeding: The Proof Is in the Numbers

Although 80 percent of its employees are male, the Los Angeles Department of Water and Power found that a lactation support program for mothers, fathers, and partners of male employees made a dramatic difference in reducing turnover and absenteeism rates for both male and female workers. They also found that 83 percent of employees were more positive about the company as a result of the program, and 67 percent intended to make it their long-term employer.⁷

Mutual of Omaha found that health-care costs for newborns are three times lower for babies whose mothers participated in their company's maternity and lactation program. Per-person health-care costs were \$2,146 more for employees who did not participate in the program, with a yearly savings of \$115,881 in health-care claims for the breastfeeding mothers and babies.⁸

The insurance company CIGNA conducted a two-year study of 343 employees who participated in their lactation support program and found that the program resulted in an annual savings of \$240,000 in health-care expenses, 62 percent fewer prescriptions, and \$60,000 savings in reduced absenteeism rates.⁹

Adapted from the Business Case for Breastfeeding, published in 2008 by the US Department of Health and Human Services, Health Resources and Services Administration (HRSA), Maternal and Child Health Bureau.



The health and economic benefits of breastfeeding

The economic benefits of breastfeeding

- 3.54 One of the committee's main interests in undertaking this inquiry was to investigate the short and long-term impacts on the health of Australians if breastfeeding rates were increased. The effect of breastfeeding on the sustainability of the health system was also examined.
- 3.55 There are strong economic arguments in favour of increasing breastfeeding rates in Australia. As already shown in this chapter, breastfeeding and breast milk provide well-established health benefits, including greater protection against some chronic diseases, for both mothers and babies. These advantages should also be viewed
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75 Ryan M, Mothers Milk Bank, transcript, 18 April 2007, p 7.

76 Lording R, sub 186, p 8.

77 Arnold L, 'Global health policies', p 7.

from an economic perspective, given that fewer cases of illness and hospitalisations at the population level translate into significant cost savings for the health care system.

Economists have rarely considered economic aspects of breastfeeding, focusing their attention on the market economy. In recent years the importance of the unpaid economy including the care work of mothers has become more visible. It has also become evident that the policy needs to take account of the unpaid household economy to avoid unintended impacts on the work that families do in raising children – Australia's 'human capital.'

Breastfeeding is a good example of women's reproductive work that is neither visible nor properly valued by existing economic statistics. Because it is neither visible nor valued, and because it competes in the market on unequal terms, breastfeeding remained unprotected from pressure of social and economic change and from 'unfair' market competition.⁷⁸

- 3.56 Dr Julie Smith, a research fellow at the Australian Centre for Economic Research on Health, has conducted a number of studies into the economic impacts of breastfeeding in Australia. The committee has drawn extensively on her work and the evidence she presented in the following discussion of the economic aspects of breastfeeding.⁷⁹

The economic value of breast milk and breastfeeding

- 3.57 A number of inquiry participants argued that the economic value of breast milk should be recognised as a proportion of Australia's gross domestic product (GDP). Dr Smith estimates that around 33 million litres of human milk per year is produced in Australia at present breastfeeding rates.⁸⁰ Using the milk bank prices in Europe, she estimates that the value of breast milk produced by Australian women is around \$2 billion per year. The annual retail value of formula is considerably less at around \$135 million.⁸¹ Breast milk's estimated value is equivalent to around 0.5 per cent of GDP, or six per cent of national food consumption. The impact of breastfeeding on the

78 Smith J, Australian Centre for Economic Research on Health, sub 313, p 2.

79 Smith J, Australian Centre for Economic Research on Health, sub 313; Smith J, Harvey P, Australian Centre for Economic Research on Health, sub 319.

80 Smith J, transcript, 26 March 2007, p 18.

81 Smith J, Australian Centre for Economic Research on Health, sub 313, p 4.

economy would be even greater if exclusive breastfeeding to six months was widely practised:

If all Australian mothers were to breastfeed as the World Health Organization recommended, there would be an increase in economic output in the form of milk of around \$3 billion.⁸²

- 3.58 Another concern raised by some inquiry participants was that the time invested in breastfeeding by mothers is not given economic value in Australia. Dr Smith examined this 'economic time cost' in the nationwide Time Use Survey of New Mothers, which showed that mothers who breastfeed to recommended levels spend around 16 to 17 hours per week on this activity for the first three to six months. The emotional component to breastfeeding should also be seen as a significant human capital investment. These mothers spend an additional six to eleven hours per week in 'emotional care', which contributes positively to the child's mental and emotional health. While the baby undoubtedly benefits from these breastfeeding interactions, such time-intensive unpaid care on the part of the mother is not recognised in economic terms.⁸³

Cost savings to the health system

- 3.59 Breastfeeding protects against a range of diseases and therefore has the potential to alleviate costs to the health care system in both the short and long-term. The Australian Medical Association notes that the potential benefits of increasing the breastfeeding rate would be extremely cost-effective, ensuring improved health outcomes and the sustainability of health care in Australia.⁸⁴ The NHMRC states in the Dietary Guidelines that:

The total value of breastfeeding to the community makes it one of the most cost-effective primary prevention measures available and well worth the support of the entire community.⁸⁵

⁸² Smith J, transcript, 26 March 2007, p 26

⁸³ Smith J, Australian Centre for Economic Research on Health, sub 313, p 9; Smith J, transcript, 26 March 2007, pp 22-23.

⁸⁴ Australian Medical Association, sub 358, p 2.

⁸⁵ National Health & Medical Research Council, *Dietary Guidelines for Children and Adolescents in Australia* (2003), p 14.

Short-term impacts – economic costs of premature weaning

- 3.60 According to a 2002 study conducted by Dr Smith and colleagues at the Canberra Hospital, there are significant hospital costs associated with early weaning. It was found that less than 10 per cent of babies in the ACT were exclusively breastfed until the recommended six months of age. Early weaning was estimated to add around \$1 to \$2 million to annual hospitalisation costs for gastrointestinal illness, respiratory and ear infections, eczema and neonatal necrotising enterocolitis (NEC). Using these figures, savings across the Australian hospital system could be \$60 to \$120 million for these illnesses alone.⁸⁶
- 3.61 A preliminary economic analysis of breastfeeding in Australia in 1997 found that a minimum of \$11.75 million could be saved if the prevalence of exclusive breastfeeding at just three months was increased from 60 per cent to 80 per cent. This analysis only took into account four illnesses – gastroenteritis, NEC, eczema and type 1 diabetes. The author noted that further cost savings could be achieved if other illnesses and reduced maternal absenteeism were also taken into account.⁸⁷
- 3.62 International studies have also shed light on the extent of savings to health systems. For example, an Italian study showed that for babies exclusively breastfed at three months, there were lower health care costs during the first year of life because of fewer hospital admission and ambulatory care episodes.⁸⁸ A US study found that for every 1,000 babies never breastfed (compared to 1,000 babies exclusively breastfed), there were more than 2,000 extra visits to the doctor, 212 extra days of hospitalisation and 609 extra prescriptions in the first year of life.⁸⁹
- 3.63 A number of submissions also highlighted the Commonwealth Government's recent funding commitment of \$25 million for a rotavirus vaccine. There are around 20,000 hospital admissions every year for this common gastrointestinal infection in children under five years old. It is suggested that an investment of the same extent

86 Smith J et al, 'Hospital system costs of artificial infant feeding: estimates for the Australian Capital Territory', *Australian and New Zealand Journal of Public Health* (2002), vol 26, no 6, pp 543-551.

87 Drane D, 'Breastfeeding and formula feeding: a preliminary economic analysis', *Breastfeeding Review* (1997), vol 5, no 1, pp 7-15.

88 Cattaneo A et al, 'Infant feeding and the cost of health care', *Acta Paediatrica* (2006), vol 95, no 5, pp 540-546.

89 Ball T and Wright A, 'Health care costs of formula-feeding in the first year of life', *Pediatrics* (1999), vol 103, no 4, pp 870-876.

towards breastfeeding promotion could further reduce the burden on the health system caused not only by rotavirus, but a range of common early childhood infections.⁹⁰

- 3.64 These findings strengthen the case for lifting Australia's breastfeeding rates, given the immediate health benefits and the reduced day-to-day strain on the health care system.

Long-term impacts – reducing the burden of chronic disease

- 3.65 As demonstrated earlier in this chapter, breastfeeding can protect against the development of a number of chronic conditions later in life, including obesity, diabetes and cardiovascular disease. Although this is a relatively new field of inquiry, international research suggests there are significant health system savings to be gained from improving breastfeeding rates. For example:
- a 2002 study of more than 500,000 babies born in England and Wales estimated that 33,100 asthma cases and 13,639 cases of obesity were directly attributable to a lack of breastfeeding⁹¹; and
 - another UK study suggested that breastfeeding's protective effect against high blood pressure could prevent 3,000 coronary heart disease events and 2,000 strokes annually in those under 75 years of age.⁹²
- 3.66 Dr Smith and Dr Peta Harvey are currently investigating the links between breastfeeding and the costs of chronic disease treatment in Australia. Their preliminary findings suggest that between 11 and 28 per cent of the chronic disease burden in Australia could be attributed to a lack of breastfeeding during infancy.⁹³
- 3.67 Another factor to consider is the ongoing special education costs arising from poor health. For example, as discussed earlier, breastfeeding offers significant protection against middle ear infections. Recurrent infections can lead to language and learning difficulties in early childhood, with a need for speech therapy and

90 Clements F, sub 122, p 4; Davis A, sub 237, pp 1-2; Gribble K, School of Nursing, University of Western Sydney, sub 251, p 2; Davis A, sub 367, p 1.

91 Akobeng A and Heller R, 'Assessing the population impact of low rates of breastfeeding on asthma, coeliac disease and obesity: the use of a new statistical method', *Archives of Disease in Childhood* (2007), vol 92, pp 483-485.

92 Martin R et al, 'Breastfeeding in infancy and blood pressure in later life: systematic review and meta-analysis', *American Journal of Epidemiology* (2005), vol 161, no 1, pp 15-26.

93 Smith J, Harvey P, Australian Centre for Economic Research on Health, sub 319, p 2.

remedial education programs.⁹⁴ The broader impact of chronic disease on economic productivity should also be investigated.

- 3.68 It is clear that the relatively small effects from improving breastfeeding rates among individuals can have a potentially large impact on population health:

Breastfeeding is a one off 'intervention' that continues to reduce chronic disease risk throughout the life cycle. Unlike other interventions, such as exercise programs, or dietary changes, it does not have to be continued throughout the life cycle in order to maintain this protection, and so has no ongoing costs. This point means that it is likely to be very cost effective as a disease prevention measure. There are few other preventative health interventions which have proven permanent effects in reducing risk factors for chronic disease in such a variety of settings.⁹⁵

- 3.69 Thus, the committee sees merit in gathering further evidence on the economic impacts of breastfeeding. This would strengthen the case for government action and investment to improve breastfeeding rates in Australia.

Recommendation 9

- 3.70 That the Department of Health and Ageing commission a study into the economic benefits of breastfeeding.

⁹⁴ Australian Breastfeeding Association, sub 306, p 10.

⁹⁵ Smith J, Harvey P, Australian Centre for Economic Research on Health, sub 319, p 7.