Examining the economics of healthy longevity

Professor Brenda Gannon
Opportunity cost is key in economics of healthy aging and economic contribution of older people

• Opportunity cost and trade-offs

• Producers of goods – still working after age of 65-67..
  • OECD Chart: Pinboard
  • https://data.oecd.org/pinboard/4swk

• Consumers of goods – trade-off now between leisure consumption and hours worked... leans more toward leisure
  • Push (discrimination?) and/or pull (desired consumption)?

• Intergenerational wealth and poverty - in both directions!

• Uncertainty and asymmetry of information means market forces are not always appropriate
Economic implications of aging - How has longevity/life expectancy changed?

The health-income gradient is very relevant...

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**Life expectancy depends a lot on where you live**


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**Poverty in the United States**

Percentage of people in poverty by state: 2015

Note: U.S. percentage does not include data for Puerto Rico.

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Americans living in much of the South have much shorter lives than those in the rest of the country.

Infographic by Sara Chadosh

Population Structure - Is the OECD definition of Age dependency appropriate?

Dependency Ratios:

Population under 15/(15-64)

Population 65+/(15-64)

Currently Total 0.53

ABS data: 3222.0 Population Projections, Australia, 2017 (base)-2066, 3101.0 Australian Demographic Statistics Table 59.
Population Structure shows an stark trend towards a higher older age dependency over time...

Dependency Ratios:

Population under 15/(15-64)

Population 65+/(15-64)

ABS data: 3222.0 Population Projections, Australia, 2017 (base)-2066, 3101.0 Australian Demographic Statistics Table 59.
Emerging questions?

• What costs are likely to be incurred?

• Starting with health care resource utilisation (health care perspective)

• Care pathways – analyse from societal perspective also (consumer costs, productivity costs)

• Health shock effects? e.g. acute onset of a condition, or recurring chronic condition - how do these impact on work decisions? Reverse causation will bias correlations found in data!

• Is it aging per se, or more simply end-of-life expenditure??
End-of-life and direct health care costs


How can we use economics, data and metrics to answer these questions?

• Administrative data, Cohort studies, Longitudinal data

  • Connect and link data across Government departments
  • HRS Health and Retirement Survey, US), SHARE (Survey of Health Ageing and Retirement in Europe), CHARLS (Chinese Health and Retirement Longitudinal Study), TILDA (The Irish Longitudinal Study on Ageing), ELSA (The English Longitudinal Study on Ageing)

• Focus on health care utilization, workforce planning and needs as a priority... and predict in terms of healthy longevity, rather than standard 65+

• Example: Lugo and Gannon (2017).... Impact of cognitive and sensory impairment on health care utilization, Kelly (2017)...impact of falls on health outcomes
How can we leverage the change in populations and be successful?

- Embrace the rights based approach, the social model of ageing and longevity...individual *heterogeneous* pathways
- Develop better understandings and language surrounding ageing and longevity... work (retirement), older people (aged!)
- Realise every option has an opportunity cost and trade-off!
What would success look like?

Healthy years

and

cost-effective

Independent living

with sustained quality of life
How can economics research contribute?

‘In general, does the economic research conducted on ageing match the needs of policymakers and other stakeholders?’

‘No.’

Quote from Feature Interview with Dr. John Beard, former Director of Ageing and the Life Course for the World Health Organisation.


Research partnerships are therefore key to success.
Thank you!

Twitter: @Gannon_HealthEc

brenda.gannon@uq.edu.au
• APPENDIX
How important is GDP across countries?

Income and health care spending per person, 2009 ($US)