MYTH: THE AGING POPULATION IS TO BLAME FOR UNCONTROLLABLE HEALTHCARE COSTS

FACT: The proportion of Canadians 65 years of age and older is increasing as the baby-boom generation reaches retirement age.

FACT: Older adults need more medical services than younger people.

Taken together, these snippets of reality can conjure a frightening image, in which the healthcare costs of the aging population balloon until the system becomes unsustainable, necessitating cuts to services and/or tax increases. But, healthcare costs don’t inflate uncontrollably just because there are more seniors. “Boomerangst”, as it has been cleverly dubbed, isn’t based in reality, so say the experts.

THE COST OF AGING

Healthcare costs generally increase with age. When CHSRF first busted this myth in 2002, Canada was spending $8,208 per year per senior versus $1,428 (in 2008 dollars) per person under the age of 65. By 2008, these figures had grown to $10,742 and $2,097, respectively. Among older seniors, the data are even more telling. Seniors 80 years of age and older cost the system $18,160 per capita, more than three times the cost of seniors aged 65 to 69.

Estimates of how the aging population will affect healthcare costs vary considerably, with some predicting doom and gloom and others a minor blip on the radar. Only time will tell the true story, but developing credible predictions is a core component of responsible health systems planning.

Some of the best research shows that, although healthcare costs will begin to rise as baby-boomers age, the impact will be modest in comparison to that of other cost drivers, such as inflation and technological innovation. Economic models suggest that growth in healthcare costs due to population aging will be about 1% per year between 2010 and 2036 (although it has been argued that the assumptions used in these models make for rosy predictions). These low figures can be reassuring, but with the public share of healthcare spending topping $120 billion as it did in 2008, even growth of 1% translates into a lot of money.

AGING AND SUSTAINABILITY

There are two issues at play when it comes to age and healthcare delivery. First, the older we are the more healthcare we use. While the overall population is using more care than ever, seniors are using proportionally more care than younger age groups, which is why seniors cost the system more. They are more likely than younger people to have chronic conditions (and more of them) such as heart disease, dementia and diabetes, which require longer hospital stays and more physician visits.

Having multiple chronic conditions may also involve the use of many different drugs to treat each condition separately. Research has shown that such treatment regimens are often not managed properly, leading to adverse drug reactions and further hospitalization.

With respect to sustainability, it’s the more rapid growth in age-specific healthcare utilization for seniors that may be cause for concern. Studies have shown that per capita use of medical, surgical and diagnostic specialists is increasing more for seniors than for younger people, and...
services provided to seniors are altogether more costly. An 80-year-old today is twice as likely to have cataract surgery, a knee replacement, and/or a coronary bypass as in 1990. Some of these increases in utilization relate to medical and technological advances (e.g. equipment for new surgical techniques or increased use of medical imaging technology). Others relate to age-specific healthcare needs, which will increase in tandem with the aging population (e.g. the number of seniors with dementia is expected to double by 2038). Without changes in policy, care delivery, prevention or treatment for those with dementia, the economic implications of this greater utilization could be considerable.

Second, dying is expensive. Research shows that we cost the healthcare system the most in our final years of life—and, obviously, our likelihood of dying increases as we age. In fact, the high (and rising) service use by older people is in many ways a reflection of their greater probability of dying.

RESTRUCTURING CARE FOR SENIORS

Ensuring that age-specific increases in utilization do not spiral out of control will require tough decisions, which may include disinvesting from some services and investing more in others. It will also mean designing systems that make sense for the care of seniors. Arguably, there are too many seniors in acute care settings because community supports (whether residential care, assisted living or home care) are not available. Our reliance on alternate level of care (ALC) beds (i.e. non-acute patients residing in acute care beds waiting for admission elsewhere) demonstrates the need for stronger continuing care supports.

A move toward integrated continuing care delivery can produce sizeable cost savings, create efficiencies, and improve the quality of care and caregiver satisfaction. Supporting the education, recruitment and retention of caregivers to help with home support is an essential element of a broader labour strategy to meet seniors’ care needs while controlling costs.

CONCLUSION

While the impact of the aging population alone won’t bankrupt the healthcare system, there is still a need to get age-specific cost increases under control, especially those related to death and dying. The good news is that problems expected to arise from population aging can be managed with smart changes to care delivery for the elderly. It’s the other issues—such as the growing cost of healthcare services and the increased costs arising from technological innovation—that are causing expenditures to escalate. These are the cost drivers that require our foremost attention.

REFERENCES

- Canadian Institute for Health Information. (2011). Seniors and the health care system: What is the impact of multiple chronic conditions? Ottawa, Canada: CIHI.