A Growing and Ageing Population

• Population ageing is expected to lead to a burgeoning demand for aged care services over the next 40 years. This is likely to be only partially offset by reductions in severe and profound age-specific disability rates.
  – The number of people aged 65 and over is expected to increase from 13.4 per cent of the total population in June 2007 to 25.3 per cent by 2047.
An even bigger relative increase is anticipated for the ‘old old’ – those aged over 85 years, who tend to be the main users of aged care services. This group is expected to increase from 1.7 to 5.6 per cent of the total population over the period.
  – The trend towards increased longevity at older ages is also expected to continue. Based on assumed improvements in mortality, on average, men aged 65 in 2047 could live 3.7 years longer than those aged 65 in 2007, and women 2.8 years longer.
• Demand will also be influenced by the growing diversity among older Australians in terms of their:
  – care needs reflecting the changing pattern of disease associated with increased longevity, including an increase in the prevalence of co-morbidities
  – cultural and linguistic backgrounds reflecting Australia’s post-war immigration patterns
  – preferences and expectations (including an increasing preference for independent living arrangements supported by community-based aged care services)
  – incomes and wealth.
• While the future demand for aged care seems set to become markedly more heterogeneous, the extent to which aged care providers are able to respond will be an important determinant of the care mix that eventually develops and the contribution they make to the wellbeing of older Australians.

It is now widely recognised that the ageing of Australia’s population will have far-reaching implications for society, for the economy and for the ability of governments to meet the expectations of the community. Ageing will also place significant additional demands on Australia’s aged care system and the associated financing and delivery of its services. In contrast, we do not currently have as good an understanding of the implications of the growing diversity among older Australians on the demand for these services.

One consequence of increased longevity is that the pattern of diseases people suffer and die from changes. The gains in life expectancy among older Australians over the last 30 years have arisen from declines in mortality for some diseases, particularly heart disease and stroke. However, as more people live to older ages, the prevalence of chronic illness increases markedly. In addition, increased longevity is associated with the increased prevalence of co-morbidity (people living with two or more diseases at the same time). This changing pattern of disease is creating greater diversity in the care needs of older people. Further, among the ‘old old’, it is giving rise to new challenges in caring for frailer people with more complex and demanding care needs.

There is a strong link between ageing and chronic diseases, such as cardiovascular disease, osteoarthritis, cerebrovascular disease, chronic kidney disease, chronic obstructive pulmonary disease, colorectal cancer, diabetes and osteoporosis (AIHW 2006b). These diseases are often associated with prolonged illness (sometimes leading to other health complications), functional impairment and disability. As such, they give rise to quite specific and varied care needs among older people.

The trend towards greater use of formal aged care services is likely to strengthen in coming years, to the extent that baby boomers may have a stronger preference to remain independent and exercise autonomy in their decision-making.

Baby boomer preferences in this area are also likely to be influenced by the availability of informal carers (such as children, other family members and friends). Among other things the future availability of informal carers will be shaped by changes in: the number of children per household; the proximity of children to their elderly parents; and the willingness and capacity of children to care for their elderly parents.
Impact of Emerging New Technologies

- There have been many advances in medical technology over the past decade and it is difficult to summarise the broad range of innovations and enhancements to access that have been made available. As an indication, some primary examples include:
  - Imaging scans including MRI,
  - Minimal access techniques for interventions including keyhole surgery, stents and grafts,
  - In pharmaceutical technologies: biological agents, rheumatoid arthritis treatments, oncology drugs and new antipsychotics.

- In some cases, it can take time for medical practitioners to change work practices to pick up new technology. This may be due to lack of training or understanding of the options, or very high establishment and/or operating costs. The impact on expenditure is that sometimes there will be parallel versions of technology running, some using the old method and others the new, creating additional costs.

- Technology has allowed new procedures to be performed where previously there was no treatment option. An example is the case of providing a prosthetic hip compared to living with an arthritic one, creating new costs to the service provider.

- The introduction of technology has resulted in some savings on the patient length of stay in hospital over the last ten years. These expenditure reductions are partially offset by the increased cost of the technology but have allowed patients to avoid hospital stays and overall have resulted in creation of additional capacity in public hospitals.

- There are significant effects from the adoption of technologies for the ageing population. People are living longer with managed conditions, particularly around cardiovascular disease. This can then lead to a general increase in the prevalence of a number of other illnesses that the person may not have survived to contract (e.g. cancers).

- Equity of access to technology is an area of concern. Medical technology advances in the future will benefit people more remotely located through providing services without the need for a physical visit to the doctor. However, other advances in technology may provide most benefit to those who live close enough to a centre of health specialisation.

- Additionally, the uneven distribution of technology, particular the more expensive items, does not allow equal access to all members of the population.

- People who are more socially advantaged are not only more able to afford to purchase technologies not yet available to the general public but are also more aware of the availability of a choice of treatments and more able to articulate and advocate for their interests.

*Adapted from the South Australian Government Submission to Productivity Commission*

*Impact of Advances in Medical Technology on Healthcare Expenditure in Australia*