Dependency Ratios if Retirement Age Varies and Old People Stay Healthier

AUSTRALIA'S P. A. AVERAGE HEALTH AND LONG TERM CARE COSTS BY AGE IN 1995
AUSTRALIA'S HEALTH AND LONG TERM CARE COST % INCREASES BY AGE FROM 1990 TO 1995 IN NOMINAL TERMS

AUSTRALIA'S HEALTH AND LONG TERM CARE COST % INCREASES BY AGE FROM 1990 TO 1995 IN REAL (CONSTANT PRICE) TERMS
AVERAGE HOSPITAL DISCHARGE RATES IN 1993/94
NSW Hospital Utilisation Data

MODELS ■ FEMALES

INCREASES IN HOSPITAL DISCHARGES 1989/90 - 1993/94
NSW Hospital Utilisation Data

MALES ■ FEMALES
INCREASES IN HOSPITAL ORTHOPAEDIC PROCEDURES
1991/92 - 1993/94 NSW Hospital Utilisation Data

MALES ■ FEMALES

0% 10% 20%

-10%

AGE GROUP

INCREASES IN HOSPITAL CARDIAC PROCEDURES
1991/92 - 1993/94 NSW Hospital Utilisation Data

MALES ■ FEMALES

0% 20% 40% 60% 80%

-20%

AGE GROUP
INCREASES IN HOSPITAL DIGESTIVE SYSTEM PROCEDURES
1991/92 - 1993/94 NSW Hospital Utilisation Data

Males □ Females

Overnight admission rates per 1,000 persons per year:
Overnight Separation Rates by age group
1988 - 2006
Day Only Admission Rates by Age per 1,000:

1988 - 2006

Bed-days for overnight admissions by age category

Overnight + Beddays by age group projected to 2006/2007

iaca 2000 477
Percentage of day only admissions by SRG: 1988 - 2006

Increase in Admissions for Procedures With 'new technology': 1979 - 1997
The Four Highest Volume DRGs in 1997 That Were Not a Major 'Product' in 1979

INCREASES IN MEDICAL BENEFITS 1990/91 - 1995/96
In Australia - HIC Data

MALES ■ FEMALES
INCREASES IN MEDICAL SERVICES 1990/91 - 1995/96
In Australia - HIC Data

MALES   FEMALES

0%  20%  40%  60%  80%

0-4  5-9  10-14  15-19  20-24  25-34  35-44  45-54  55-64  65-74  75+

AGINGROUP

INCREASES IN MEDICAL BENEFITS 1990/91 - 1995/96
In Australia - HIC Data

MALES   FEMALES

0%  20%  40%  60%  80%  100%

0-4  5-9  10-14  15-19  20-24  25-34  35-44  45-54  55-64  65-74  75+

AGINGROUP
<table>
<thead>
<tr>
<th>Procedure</th>
<th>Singapore</th>
<th>Hong Kong</th>
<th>New Zealand</th>
<th>AMA</th>
<th>Medicare</th>
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<tbody>
<tr>
<td>Rhinoplasty</td>
<td>2,229</td>
<td>5,880</td>
<td>1,480</td>
<td>665</td>
<td>369</td>
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<td>Disc Excision</td>
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<td>12,294</td>
<td>1,480</td>
<td>1,120</td>
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<td>Stapedectomy</td>
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<td>6,949</td>
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<td>1,225</td>
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<td>Lens Extraction &amp; Insertion</td>
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<td>7,485</td>
<td>2,413</td>
<td>2,295</td>
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<td>Radical Prostatectomy</td>
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<td>8,018</td>
<td>2,055</td>
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<tr>
<td>Appendectomy</td>
<td>2,229</td>
<td>3,100</td>
<td>756</td>
<td>560</td>
<td>321</td>
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<tr>
<td>Bimaxillary Osteotomy</td>
<td>7,134</td>
<td>6,414</td>
<td>n.a</td>
<td>5,655</td>
<td>998</td>
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<tr>
<td>Coronary Artery Bypass</td>
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<td>21,347</td>
<td>3,083</td>
<td>2,435</td>
<td>1,477</td>
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<tr>
<td>Total Hip Replacement</td>
<td>5,350</td>
<td>11,225</td>
<td>1,644</td>
<td>1,810</td>
<td>951</td>
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<tr>
<td>Vaginal Hysterectomy</td>
<td>2,229</td>
<td>5,345</td>
<td>1,110</td>
<td>910</td>
<td>487</td>
</tr>
</tbody>
</table>

Medicare Pays for the Typical Procedure:

• 40% of the AMA Schedule Fee

• 50% of the benefit paid by the Southern Cross Medical Care Society in NZ

• 20% of the benefit paid by health insurers in Singapore or the USA (west coast)

• 5% to 10% of the benefit paid by Hong Kong insurers
Conclusions

- The financing of health and long term care will become a problem for Australian Governments if financing continues on the current basis.
- Utilisation of procedural services, in particular, is increasing at an unsustainable rate. Providing these services "free" at point of service to Medicare patients makes it impossible for private health insurers offering a high cost alternative to the public system.
- Measures to reduce the demand for high cost procedural services are needed - not measures that just influence the supply.

Conclusions (Cont)

- The Australian Government needs to reduce the retirement health "entitlement philosophy" of Australians much as it has reduced the retirement income "entitlement philosophy".
- The typical response to this type of research is to denigrate it on the grounds that the major health costs of individuals are principally related to end of life costs. But this research clearly shows the shift from the costs of dying to the costs of living and in particular living comfortably.
- Which projection technique is the dinosaur – the one based on age/sex utilization or the one based on so called end of life events?