THE GRAYING OF AMERICA: EMERGING DEMOGRAPHIC AND SOCIOECONOMIC FACTORS FOR THE TWENTY-FIRST CENTURY

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Summary

While it is universally recognized that the population is graying, we may not be adequately prepared for ramifications of this demographic shift. This paper examines the societal and socioeconomic implications of the rapid increase of our older population for the twenty-first century. In addition to expressing our concern for health care costs and the specter of health care rationing, we address the role of business in solutions for the future. Child care issues are now being accompanied and even surpassed in some instances by elder care. All businesses will be impacted by the enormous projected increases in health care costs for older Americans. Therefore, business leaders need to take an active part in finding appropriate solutions to the impact of an aging population.

Introduction

The field of gerontology has stimulated the attention of the American public. The media has increasingly covered the various aspects of the graying of the population of America and most industrialized nations. Two important demographic changes that have drawn the most attention are the increased number of the total older population and the impressive growth of the number and proportion of persons at the oldest ages. Today, those 85 and older, often referred to as the "oldest old," are the fastest growing age group. Perhaps the fastest growing age group in the twenty-first century may be those 95 and older.

Increases in life expectancy in this century have their roots in the decrease in deaths caused by infectious, cardiovascular, and cerebrovascular diseases. Recently the public has become more concerned about their health habits: how their diets impact on their cholesterol levels, their inclination to smoke and/or consume alcohol. This should have a further effect on life expectancy as this century ends.

As we witness the aging of America, we are presented with a number of scenarios for the next century. One, suggested by Dr. James Fries (see his article in this volume) would have us believe that there will be a rectangularization or compression of morbidity, where people will be healthier longer but will experience a sudden drop in health prior to death; therefore, their period of morbidity will be limited to a compressed slice of time. Another, more widely accepted scenario suggests that as people live longer they will be affected by a longer period of their lifespan with multiple chronic diseases, which may require increased long-term care (see Dr. Eileen Crimmins' article in this volume) and therefore does not involve any compression of morbidity, at least in the near future.

Regardless of the scenario for the aging of America, there is agreement that there will be tremendous increases in health care costs. The magnitude of these escalating costs has led to the drastic call for health care rationing and led others to question the validity of age versus need when allocating limited resources.

In this paper we lay out a general overview of the changing demographics in the United States and then outline some of the societal implications of this shift, for it has both micro and macro effects on individuals and on society. We then explore the role of corporations in the development of approaches to the dilemma of the anticipated increased costs for the health care of older Americans.

Aging America: Trends and Projections

At the turn of the century, one in ten Americans was age 55 and older and one in 25 was age 65 and older. By 1986, these numbers had increased to one in five being 55 or older and one in eight being at least 65. Proportionally, the older population has grown twice as fast as the rest of the population. In 1900, the older population made up approximately four percent of the total population but increased to 12 percent of the total population by the late 1980s; it is estimated that the older population will comprise 20 to 24 percent of the total population by 2040. Today, 30 million Americans are 65 and older, while those 85 and older have reached three million. Conservative projections (middle Census Bureau) for 2040 estimate that those 65 and older will reach 68 million and those 85 and older will have a four-fold increase, totalling 12 million.

In terms of life expectancy, the middle Census Bureau projections — the most frequently cited estimates — predict that by the year 2020, older women will live to age 82.0, while older men will live to age 74.2. Average life expectancy for 2040 adds an additional 1.1 years for women (83.1) and .8 years for men (75.0). Meanwhile, the median age of the U.S. population is projected to rise from 31.8 (1987–8 figures) to 36, by year 2000, and to 42 by year 2040. Seventy million baby boomers will reach their sixties, seventies, and eighties in the early part of the twenty-first century. Older women outnumber older men three to two, and in the older age cohorts (85 plus) the age ratio is even higher, with 40 men for every 100 women. Although we have limited ourselves to the graying of America, aging is
an international issue. In fact, persons 60 and over in the world composed 376 million in 1980 but this figure is expected to increase to 1.1 billion by 2025.6

Enormous Increases Slated for Health Care Costs in the Twenty-First Century

Prospects for long-term care in the twenty-first century argue for tremendous increases in federal spending, with estimates of Medicare costs rising to $212 billion (in 1987 dollars) by 2040 and nursing home costs totalling more than $139 billion (in 1985 dollars) by 2040, for 6 million nursing home residents, aged 65 and older, compared to 1985 figures of $31 billion and 1.3 million nursing home residents. By 2040, as many as 9.8 million Americans could be affected by varying levels of dementia and care for these millions could reach nearly $150 billion (in 1987 dollars).

Sociological Changes in an Aging America

Family members have become no less committed to their older relative(s) despite repeated laments for the dying American family. The fact is that families are as interested as they have been, if not more so, since more older relatives are living into their seventh, eighth, and ninth decades. The composition of families has changed. The size of the American family, on average, has become smaller and the never married population continues to increase. In addition to these compositional factors, the increase of women, the historically and perhaps self-assigned primary caregiver, in the work force creates a new challenge for the traditions of family caregiving.

It is clear that most families try as long as possible to keep older relatives at home and in the community. Researchers have noted, though, that the burdens of caregiving can produce additional health problems for the caregiver(s), thereby creating a secondary ripple effect of the caregiving situation.9 As a result of these studies, there has been increasing interest in the role of business to help provide an answer to the concerns of an aging America and the consequences of health care needs and costs.

Elder Care as One of the “Perks” of the Twenty-First Century

One of the important trends that has surfaced, as the twentieth century draws to a close, is the impact of societal aging on corporate America. In response to a conference sponsored by the Ethel Percy Andrus Gerontology Center’s Business Institute on Aging, “Elder Care: Employee or Corporate Responsibility?” (April 1988), the role of the corporation in elder care was first systematically addressed. A volume was produced that examines various aspects of the initiative to provide business leaders and human resource professionals, benefits managers, public policy makers, social planners, assistance program providers, and scholars, with up-to-date information about corporate trends to respond to employees’ caregiving needs and concerns. By responding to elder care in the late 1980s, businesses are exhibiting the same concern they had in the 1950s when returning women to the workforce required assistance with child care.

Many companies may want to implement elder care programs that assume the benefit status of a “perk.” Frequently this process is begun by assessing the needs of the employees through an employee questionnaire, which may or may not be followed by interviews, depending on the success of the initial questionnaire. Having completed this step, it is possible to be more efficient in specifying corporate/employee needs, whether it is for flex time or job-sharing or respite care assistance or a caregiver support group. The establishment of innovative ways to respond to employees’ caregiving needs aids both the employee and the employer.

Preliminary Pepper Commission Recommendations

In response to double digit inflation and a growing concern for the rising costs of and barriers to health care, the Pepper Commission was established. The preliminary recommendations10, made available after Claude Pepper’s death, made recommendations that, because of their cost ($86.2 billion) will not be adopted, at this time, but they may lay the framework for future legislation. The key components would be initiated over a suggested span of seven years and universal health care coverage would be part of a job-based public/private system in which:

- Businesses with less than 100 employees would be encouraged to provide basic benefits through private insurance and then be eligible for tax deductions/incentives.
- Businesses with more than 100 employees would be required to provide similar benefits or contribute to a federal public health insurance plan.
- The projected federal public plan would cover employees and dependents who either buy in or who are subsidized. This plan would replace Medicaid for specified services and providers would be paid according to Medicare rules.
- Minimum benefits would cover both primary and preventive care, physician and hospital care and additional designated services.
- Coverage would ensure that all Americans would have some type of health insurance. Payment would be financed by $23.4 billion in federal outlays and $20 billion from private employers.

Additional recommended Pepper Commission proposals address long-term care needs focused on home and community-based services for severely disabled persons of all ages; establishment of a Nursing Home Program with a financial floor protection against impoverishment; and, the ability of short stay patients to return home without loss of benefits for a three month period of “front-end” nursing home coverage. The final Report, due out in August 1990, promises to provide full documentation for opposing opinions as well as for a fuller reporting of recommendations made. Even if this Report proves unworkable in full, it at least begins the discussion of alternatives to present, largely inadequate attempts to handle health care access and long-term support.
Closing Comments

The aging of America will have far-reaching implications for individuals and for society. The issue of the quality of life in the later years will impact on both private and corporate America. The projected health care costs for our aging population will be enormous. There are no simple solutions. The Pepper Commission's recommendations are unlikely to be implemented because of its fiscal impact. Cost containment strategies are equally unlikely to succeed, given the projected numbers of older Americans requiring long-term care. One strategy that could succeed, however, is an investment in research, oriented toward preventing and/or curing those chronic diseases that will be the most costly (e.g., Alzheimer's disease). In the interim, American business will play a vital role in creating innovative programs to allow caregivers to remain in the workforce.

REFERENCES


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