

Two studies show that fear of 'gray tsunami' may be overblown

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Fears that Canada's aging population could lead to skyrocketing health care costs and doctor shortages may be greatly exaggerated, according to two studies by researchers at the University of British Columbia.

The research, by health economists at UBC's Centre for Health Services and Policy Research (CHSPR) and published today in the journal [Healthcare Policy](#), pointed to other factors that are driving up costs: greater use of specialists, more diagnostic tests for the elderly, and increased consumption of increasingly expensive drugs.

One analysis by Steve Morgan, an associate director at CHSPR and an associate professor in the School of Population and Public Health, examined total [health care spending](#) in British Columbia from 1996 to 2006 (the most recent years for which the necessary data were available). The other study by Kimberlyn McGrail, an associate director at CHSPR and an assistant professor in the School of Population and Public Health, analyzed statistics on visits and fees paid to B.C. physicians during the same time period.

Both Morgan and McGrail found that the per capita cost of [health care](#) increased even after adjusting for inflation and population changes. Their research shows that neither the sharpest rise in cost nor the larger share of the increase was driven by the aging of the population, but by factors that can be controlled by [health care providers](#) or policy-makers.

"British Columbia's demographics are reasonably representative of the

rest of Canada, so these figures show that nationwide, the health care system is as sustainable as we want it to be," Morgan says.

Both researchers noted a decline in spending and visits to [general practitioners](#) during that time period and a rise in the use of specialists, including those focused on [diagnostic procedures](#).

McGrail says the "grey tsunami" is more like a "grey glacier," but even then, the resulting increase in costs is more a result of an evolving [health care system](#), not necessarily an inexorably expanding one.

"There is no single cause for this shift – it's the result of millions of treatment and referral decisions by thousands of clinicians," McGrail says. "But it does reflect that patients are receiving a different style of care than they used to – they are seeing more different doctors and are having more tests done."

Backgrounder on both studies:

Steve Morgan's study of population aging and health care expenditures (1996-2006)

- Morgan analyzed total spending on acute care hospitals and physician-provided medical services – the core services of government-funded health care in Canada. For comparison, he also looked at prescription drug spending, which falls outside that publicly financed realm.
- During the study period, per capita expenditures on acute hospital care and doctor visits increased only slightly faster than the 17 per cent rate of inflation. In contrast, per capita spending on prescription drugs rose by 140 per cent.
- Population aging caused expenditures on acute hospital care,

medical care and prescription drugs to grow by less than one per cent a year, and despite the aging of the baby boom generation, its impact will remain the same through 2036, according to Morgan's projections. "Such growth is well within the reach of expected economic growth and productivity," Morgan says.

- The impact of the [aging population](#) is less severe than most people assume because populations age more gradually than individuals. In addition, compared to young people, the elderly are less likely to receive costly interventions in response to adverse health events – so the aging of the population could also lead to reduced costs for acute care toward the end of life.
- People of all ages decreased their use of acute hospital services and general practitioners. But they were more likely to receive specialist care and [diagnostic tests](#).
- People were three per cent more likely to use prescription drugs in 2006 compared to a decade earlier. Among those receiving drugs, usage increased by 59 per cent, and the cost of these drugs rose 52 per cent for each day they were using them.

Kimberlyn McGrail's study of expenditures on physicians (1996-2006)

- The perception of a physician shortage in B.C. may have resulted from a gradual increase in diagnostic procedures for the elderly at the expense of "hands-on" care for the general population.
- People under age 25 reduced their doctor visits by 6.5 per cent during the study period, while those over 75 increased their visits by 18.2 per cent. Similarly, while spending on diagnostic services increased across all age groups, such spending by those beyond 75 years of age rose by 64 per cent.
- Physician payments increased by one per cent per year even after

adjusting for inflation, population growth and population aging. This increase means that British Columbians spent \$174 million extra on physician services in 2005-06 compared to 1996-97.

- The number of visits a typical patient made to a particular physician has dropped, but there was an overall increase in the number of different physicians that the typical patient sees in a year. "Patients are seeing more different doctors, fewer times each, but overall having more contact with physicians," says McGrail.
- Existing data can't reveal what impact these changes have had on the population's health. "We don't know if this shift in services has actually led to better outcomes and higher quality of life, or if we are simply giving people more tests and more diagnoses," she says.

Provided by University of British Columbia

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