

Aging Populations and Healthcare Policy: Challenges and Successes: Challenges and Successes

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Abstract:

The increasing proportion of aging populations creates major challenges to healthcare systems globally. This is especially relevant in countries like Japan and the United States, where longer life expectancy and declining birth rates place tremendous strain on resources. This research aims to investigate the effects of demographic shifts on healthcare systems by focusing on key issues such as heightened demand for medical services, escalating healthcare costs, and critical workforce shortages. The study examines policy responses in various countries, with a focus on Japan and Germany's long-term care insurance systems and the integrated, preventive care models implemented in Scandinavian countries. Using a comparative analysis methodology, this research evaluates the effectiveness of these policies in addressing healthcare demands. The findings indicate that while these models offer valuable insights, significant gaps in healthcare access and equity persist for low-income, minority, and rural elderly populations. The study concludes that targeted reforms are key to offering equitable healthcare provision for all aging individuals.

Keywords: Healthcare policy; population aging; fertility; population growth; population distribution.

1. Introduction

Over the past several decades, factors such as increasing life expectancies, declining birth rates, and advances in medical technology have contributed towards the emergence of aging populations. Although this issue may be more problematic for some states than others, there is still an overall trend in which the global share of people aged 65 and above

is rising. The impact of this population shift is noteworthy given that older populations place a larger burden on healthcare systems. Additionally, without an adequate number of younger working aged adults to replace the older adults entering retirement, there will be fewer tax dollars available to be reinvested in public healthcare services. Solutions in the form of new policy models are needed to adequately address this issue. Such policy proposals may involve invest-

ments in universal healthcare, integrated care models, and patient-centered approaches. Overall, population ageing presents several challenges and opportunities for health-care policy, as this global issue will demand innovative approaches to fulfill the needs of aging adults and health-care systems.

2. Global Aging Trends

Many large states are currently experiencing a population aging phenomenon in which a larger portion of the population is comprised of older adults. Data from the World Health Organization finds that the pace of population aging is currently accelerating, and the proportion of the world's population over 60 years is set to double from 2015 to 2050 [1]. Advances in healthcare treatments and technologies have contributed to this change alongside shifts in birth rates. People living in wealthy developed countries have generally seen life expectancies increase over time as a result of these advancements in healthcare. For instance, Figure 1 shows a chart illustrating Japan's life expectancy over time, which has steadily increased over the past century. As Japan's life expectancy has in-

creased, the country has seen its population transform as people are living longer and longer.

However, it is not just increases in life expectancy that have caused Japan to see its population become much older. Cultural changes have led to a decline in the marriage rate, which has had direct downward pressure on fertility rates. Fewer people in Japan are getting married because of economic uncertainty and work culture. Additionally, Japan has maintained traditional gender roles in the workplace, which has made it more difficult for Japanese women to balance work and family life. There are limited resources available for working mothers due to a lack of childcare and an abundance of inflexible work environments. Such factors have made having children a much more difficult task, which discouraged women from having children. Looking towards state policies, Japan has been strict in limiting immigration to maintain a homogeneous ethnostate. The lack of younger immigrants coming into the country has meant that Japan is unable to fill in its lack of younger working-aged people with external labor from abroad, which has only worked to compound the issue.

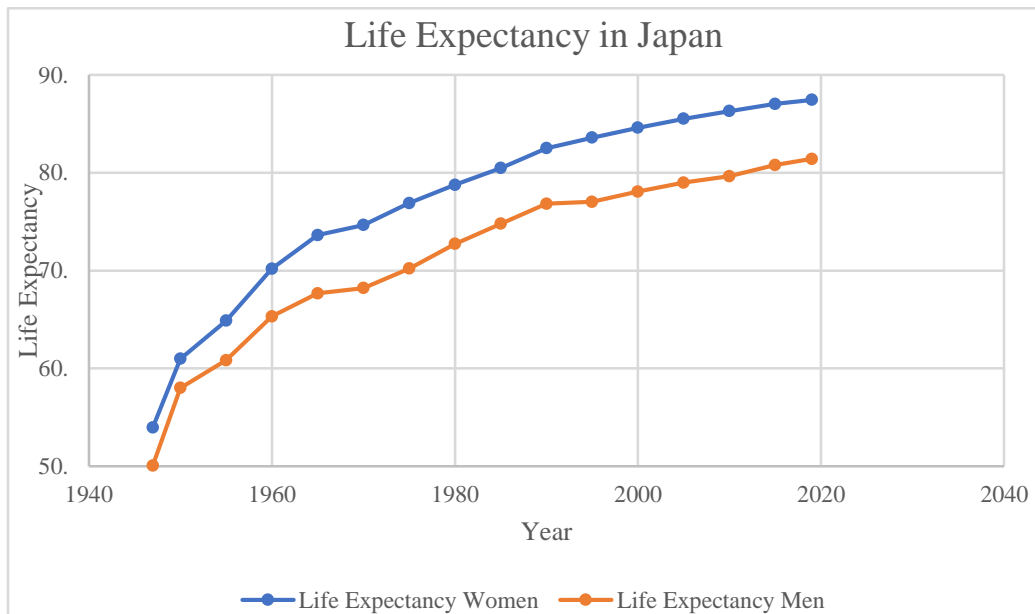


Fig. 1 Life Expectancy in Japan [2]

2.1 Societal and Cultural Shifts

Decreases in birth rates have also contributed to wealthy nations experiencing an accelerated shift towards an older population. Women are generally having fewer children and are delaying the age at which they are having their first child. In the United States, the number of births per 1,000 women has decreased from over 120 in 1957 to

56.1 in 2022. There are a few key reasons for this, as cultural norms and economic shifts have significantly contributed to women's shift towards having fewer children. Many women are now prioritizing their careers and putting career advancement as a higher priority than starting a family and having children. Women that do choose to have children often face a major setback in the workplace given that starting a family takes up so much time, ener-

gy, and resources. Additionally, the cost of raising a child has greatly increased over the past few decades, which has caused fewer women to want to have children. In the United States, the cost of having a child has increased over time to the point in which the average annual cost was estimated to be \$21,681 as of 2021 [3]. This means that families will need to invest hundreds of thousands of dollars in raising a child to the point of adulthood, which is a tremendous expense that more and more women are unable or unwilling to pay.

Besides economic constraints, there have been cultural shifts that have impacted how women view their role and expectations in society. Women now have greater access to birth control and contraception, which means that they have more control over choosing when to have children. There are far fewer unplanned pregnancies because of this, which has led to an overall decline in the birthrate of countries in which women can access birth control. One

study found that in 2014, contraception was thought to have prevented nearly 13 million unintended pregnancies across Sub-Saharan Africa [4]. This is a substantial number of pregnancies that would have otherwise occurred if it were not for the widespread availability of contraception, which is a relatively new change that has occurred over the last several decades. Cultural shifts have also affected women's attitudes towards motherhood, as there is less of an emphasis in Western cultures on women needing to have children to be viewed as valuable members of society. With women feeling less pressure to become mothers, more women are choosing to become childfree and break away from traditional family structures such as the nuclear family. There is now a growing emphasis on personal fulfillment and maximizing one's personal freedom and life experiences, which bearing children could greatly disrupt.

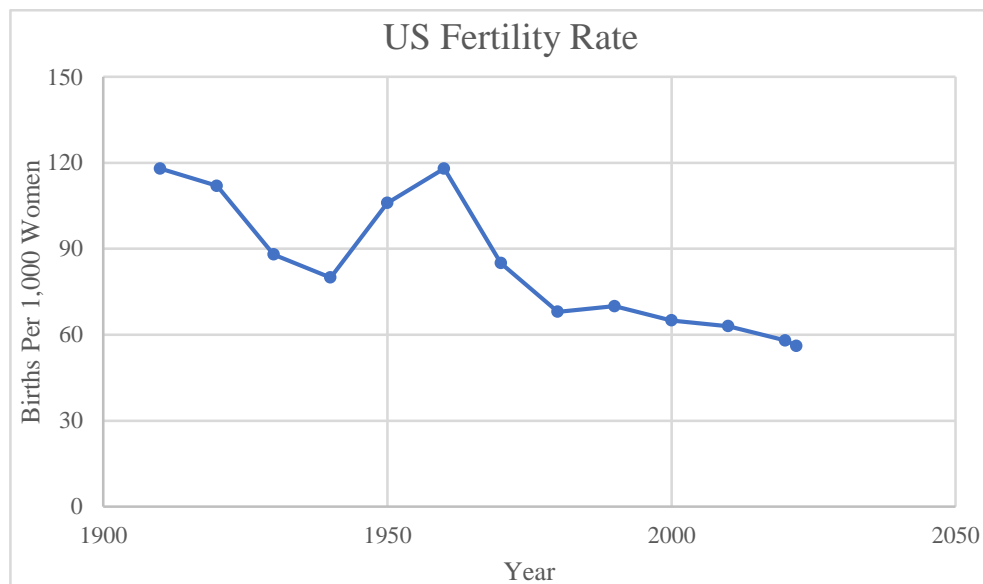


Fig. 2 Change in US Fertility Rate [1]

3. Increased Demand for Healthcare Services

With many states seeing the populations becoming older over time, this trend has placed a great deal of pressure on healthcare systems. Older populations tend to generate an overall greater burden on healthcare systems because they require services more often, and the services they require tend to require more resources. A 2023 report from the John A. Hartford Foundation finds that in the US, “The 17% of adults age 65+ account for 43% of hospital admissions, 36% of doctor office visits, and 37% of total health care spending [5].” These figures are important because

they show that even though older adults might make up less than a fifth of the US population, they account for nearly half of hospital admissions and over a third of health care spending. In other words, older adults tend to have a greater need for healthcare services compared to younger adults. If a population has a disproportionate ratio of older adults compared to younger adults, then problems will inevitably arise if there are not enough healthcare providers or resources available due to this population imbalance.

3.1 Rising Healthcare Costs

Given that older populations tend to have a greater need

for healthcare services, this also means that they are driving up healthcare expenditures. The Hartford Foundation report also notes that “The average annual per capita health care spend on those 65+ is over \$22,000, almost 3.5 times the average spent on adults age 18-64 [5].” Such statistics clearly demonstrate how there are major challenges in financing healthcare for an aging population. If a population becomes imbalanced with a disproportionate number of elderly adults, then healthcare costs are bound to accelerate. These costs can end up straining the system and causing a ripple of issues across the public and private health sectors.

One of the reasons for this is that older adults have specialized healthcare needs that can tend to be more expensive. For instance, older adults may require long-term care services like assisted living. These types of services require a massive investment in financial resources, as assisted living services in the United States cost \$4,500 per month on average, or \$54,000 annually [6]. The reason for this is that these centers act as both residencies and medical facilities, with round-the-clock care being provided. A single adult may therefore generate hundreds of thousands of dollars in medical expenses over time by requiring a long-term commitment to assisted living centers. Such massive costs place pressure on public health systems as well as individuals, as Medicare and Medicaid do not cover room and board for assisted living services.

Additionally, aging populations also tend to suffer from higher rates of chronic diseases that are much more ex-

pensive to treat and manage compared to acute conditions. Heart disease, diabetes, and arthritis are examples of chronic illnesses that older adults are diagnosed with at much higher rates compared to younger adults. Managing these chronic diseases can often require a lifelong commitment, which could translate to tens or hundreds of thousands of dollars in medical expenses over time. A report from the CDC finds that chronic diseases have an annual cost of \$254 billion per year, as well as \$168 billion in lost productivity [7]. These costs are being driven by a shift towards an older population. People may be living longer due to advances in medicine, but they are also facing high rates of chronic disease that burden healthcare systems around the world.

3.2 Workforce Shortages

With many states seeing their older populations disproportionately increase, this is putting pressure on the healthcare sector as more working age professionals retire and exit the workforce. The healthcare industry is especially strained by this given that older adults do place a greater overall burden on the healthcare system. In the US for instance, the Health Resources and Services Administration estimates that there will be a shortage of nearly 140,000 physicians over the next 15 years [8]. The result of such a major national shortage is that wait times will increase, care quality will decline, and it will take much longer to schedule an appointment with a healthcare provider.

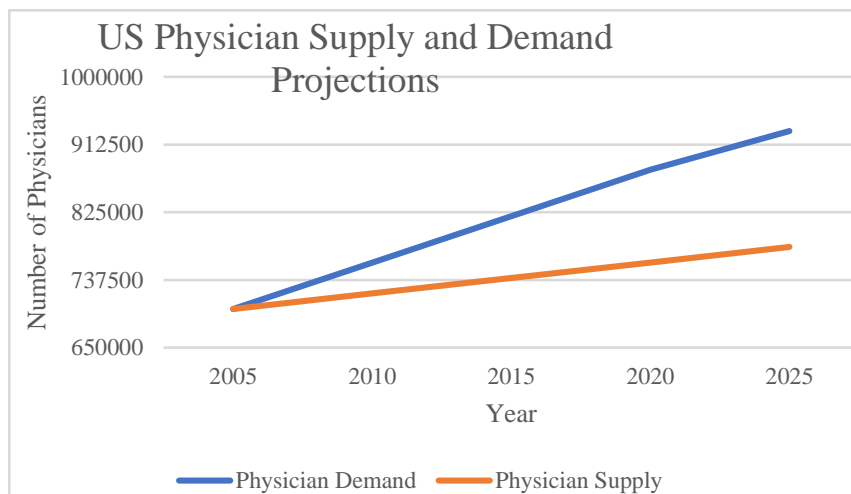


Fig. 3 Physician Supply Shortages [9]

Such changes are occurring all around the world as the disease burden is increasing and populations are aging. The WHO estimates that there will be a global shortage of 10 million healthcare employees by 2030 [10]. This issue is expected to be most problematic in developing

countries in which many high-skill healthcare workers are choosing to migrate to higher-income developed countries that could provide them a higher quality of life. These developing states also struggle to provide quality healthcare to rural and remote areas that are chronically underserved

due to lack of healthcare infrastructure. Older adults within these regions are at a heightened risk of suffering from the impact of chronic disease due to the lack of immediate treatment options.

4. Policy Responses to Aging Populations

States have historically addressed healthcare issues through making sweeping policy changes at the national level. These changes impact how healthcare services are provided, insured, and designed. The challenges created by aging populations therefore demand a modern policy response by states most affected by this issue. Passing sweeping healthcare legislation and modifying existing healthcare laws will be the most effective means of addressing the aging population crisis. Without a unified national response, individual healthcare providers will struggle to adapt to the demands of this problem. Therefore, it is useful to examine current healthcare policies to determine what sort of gaps there might be so that any potential shortcomings can be addressed by policy proposals.

4.1 Current Healthcare Policies

Although many states may be experiencing similar problems in terms of dealing with the healthcare burden of an aging population, not all states have the same sort of healthcare systems and policies in place. For instance, the United States has a divided healthcare model in which the majority of patients are expected to pay for private healthcare, but lower income residents are provided government-funded healthcare through Medicaid programs. As for its older population, the United States has a comprehensive public system in place known as Medicare. There were over 65 million adults on Medicare in the US as of 2022, which is equivalent to nearly a fifth of the total population [11]. Medicare is therefore a massive program that received nearly a trillion dollars in funding as of 2022, with hospital inpatient services making up the largest portion of total Medicare spending. However, as the US population gets older and older, the burden placed on Medicare will only continue to increase. Millions will be added to Medicare rolls as the Baby Boomer generation starts to retire, which risks depleting Medicare's Hospital Insurance Trust Fund. Medicare funding is going to become more imbalanced over time due to an increase in beneficiaries and a decrease in workers paying into the system through payroll taxes, which is why policy modifications are so critical.

Other states like Germany and Japan have introduced

public health systems similar to Medicare in terms of providing coverage exclusively for older retirees. In Japan for instance, the country created its Long-Term Care Insurance system in 2000 as a result of families being increasingly burdened due to the aging population [12]. The LTCI is available for Japanese citizens aged 65 and above as well as those ages 40 to 64 diagnosed with an age-related condition. It is funded through multiple taxes including taxes on insurance premiums from people ages 40 and above as well as co-payments by service users. The LTCI also categorizes patients based on their healthcare needs, with categories ranging from mild to severe. The purpose of this is to offer more individualized care that will be more effective at providing the appropriate care based on a person's needs.

As for Germany, it created its own LTCI system known as Pflegeversicherung in 1995 [13]. Germany's LTCI system is similar to Japan's with a few key differences. For one, all workers contribute a portion of income towards LTCI. Additionally, German beneficiaries can choose between receiving direct healthcare benefits, or can choose to receive cash benefits to pay for informal caregivers. Like Japan, Germany's system is also tiered, and a formal assessment process is carried out to determine the healthcare needs of a given patient. Recipients can receive benefits to help pay for home help or intensive residential care services if it is determined that such treatments are appropriate.

4.2 Successful Policy Models

Perhaps the most successful policy models in place for the aging population crisis are the integrated care models and patient-centered approaches found in Scandinavian countries. Sweden, Denmark, and Norway each have universal healthcare systems that offer comprehensive care programs to all citizens, including elderly adults. These systems have been successful in establishing effective and long-term care policies to deal with the challenges that have arisen due to this demographic shift. For instance, Scandinavian healthcare is unique in that it emphasizes preventative care and primary care. Patients are encouraged to get regular check-ups and screenings, and physicians emphasize the importance of maximizing health through diet and exercise.

Preventative medicine is important given that an increasing number of adults are being burdened with preventable lifestyle diseases. These lifestyle diseases cost billions of dollars per year to treat and are often caused by a lack of physical activity, alcohol and substance use, unhealthy eating, and so on. In the United States, lifestyle diseases cost an estimated \$730 billion per year, which is more

than the GDP of 171 countries as of 2019 [14]. Therefore, preventing and managing lifestyle diseases through preventative medicine can save a country billions of dollars per year by educating patients on how to eat healthy, exercise on a regular basis, get adequate sleep, and so on.

Scandinavian models are also unique because of the way in which they integrate medical, social, and long-term care services under a single umbrella. Healthcare providers often work with social services and long-term care professionals to create individualized care plans. These plans tend to be highly effective and are especially useful in treating elderly patients who require more comprehensive care. Some states like Sweden make use of care pathways in which case managers work with healthcare providers and families to create care plans that address medical needs as well as non-medical needs such as social support [15]. This approach is more holistic and comprehensive compared to states that only offer individualized and fragmented treatment like the United States. Older adults in Scandinavia receive a higher quality of care because their treatment tends to be more coordinated and planned out.

Finally, community-based care tends to be more emphasized in Scandinavia. This care model is intended to reduce the amount of time patients spend in hospital settings by offering early discharge and treatment provided by community-based nurses and care workers [16]. Given that hospital-acquired infections represent a major threat to patients, it makes sense why this model is effective given that it helps keep patients in familiar environments while also reducing their exposure to unnecessary risks.

4.3 Gaps in Existing Policies

While there are many problems that can be discussed with modern healthcare systems, there are specific gaps in healthcare policy that disproportionately affect older patients. For instance, certain marginalized groups of elderly patients are at a higher risk of facing barriers in terms of access to healthcare. This includes low-income populations, minority groups, and rural populations. The cost of healthcare is only increasing over time, so low-income patients without adequate insurance plans tend to face greater medical risks due to lack of healthcare coverage. Low-income patients often put off acute and preventative care because they perceive these services to be unaffordable, which can accelerate any potential conditions they may have. Therefore, it is often the case that low-income patients end up placing a larger burden on the healthcare system because they are unable to access early treatment, which leads them to develop chronic diseases that are more expensive to treat [17].

As for minority groups, it is often the case that older

minority populations face a combination of healthcare barriers that can limit their access to treatment. These groups tend to have lower incomes on average and fewer financial resources, which can make it difficult for them to afford healthcare services, medications, and treatment. Additionally, while these groups do have access to Medicare, they are more likely to lack supplemental insurance that would cover out-of-pocket costs that Medicare does not cover. Language barriers are another issue that impacts minority groups, especially immigrant populations. Miscommunications due to language barriers can create serious problems in healthcare if patients are unable to understand their diagnoses, treatments, or medications [18]. If a healthcare system does not provide interpreters or bilingual staff, this can make it challenging for these individuals to receive all the treatment they require.

Older adults living in rural areas are also more likely to encounter issues in healthcare access and quality. Rural areas tend to have fewer healthcare treatment centers on average compared to urban areas, which can increase the distance that patients have to travel to receive treatment [19]. If patients live in a remote and isolated region, they may need to travel many hours just to reach the nearest treatment facility. This can make it much more difficult to access routine treatment and can lead to situations in which rural patients only seek treatment during emergencies. Lack of transportation can also complicate treatment access. If a person living in a rural area does not have access to personal transportation, they may need to rely on public transportation that can be limited or unavailable. This makes it more difficult to access treatments and preventative medicine if simply going to a check-up requires significant planning and preparation.

5. Conclusion

The increasing aging populations worldwide continue to place immense pressure on healthcare systems. This research reveals the urgent need for policy reforms to address the heightened demand for healthcare services, rising costs, and workforce shortages. By examining successful models, this study emphasizes the value of adopting innovative, sustainable policy solutions. These models provide a foundation for addressing the needs of aging populations, but critical gaps in access remain for low-income, minority, and rural elderly groups. This research is valuable because it shows the necessity for targeted, equity-focused reforms to ensure that all elderly individuals have access to quality healthcare. However, further investigation is needed to explore how different countries can customize these successful policy models to their unique economic and demographic contexts. Additionally, the

long-term sustainability of healthcare financing and its implications on global healthcare systems remain unfinished areas of research that require further exploration. Addressing these aspects will be key to achieving an effective and equitable healthcare system for aging populations.

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