

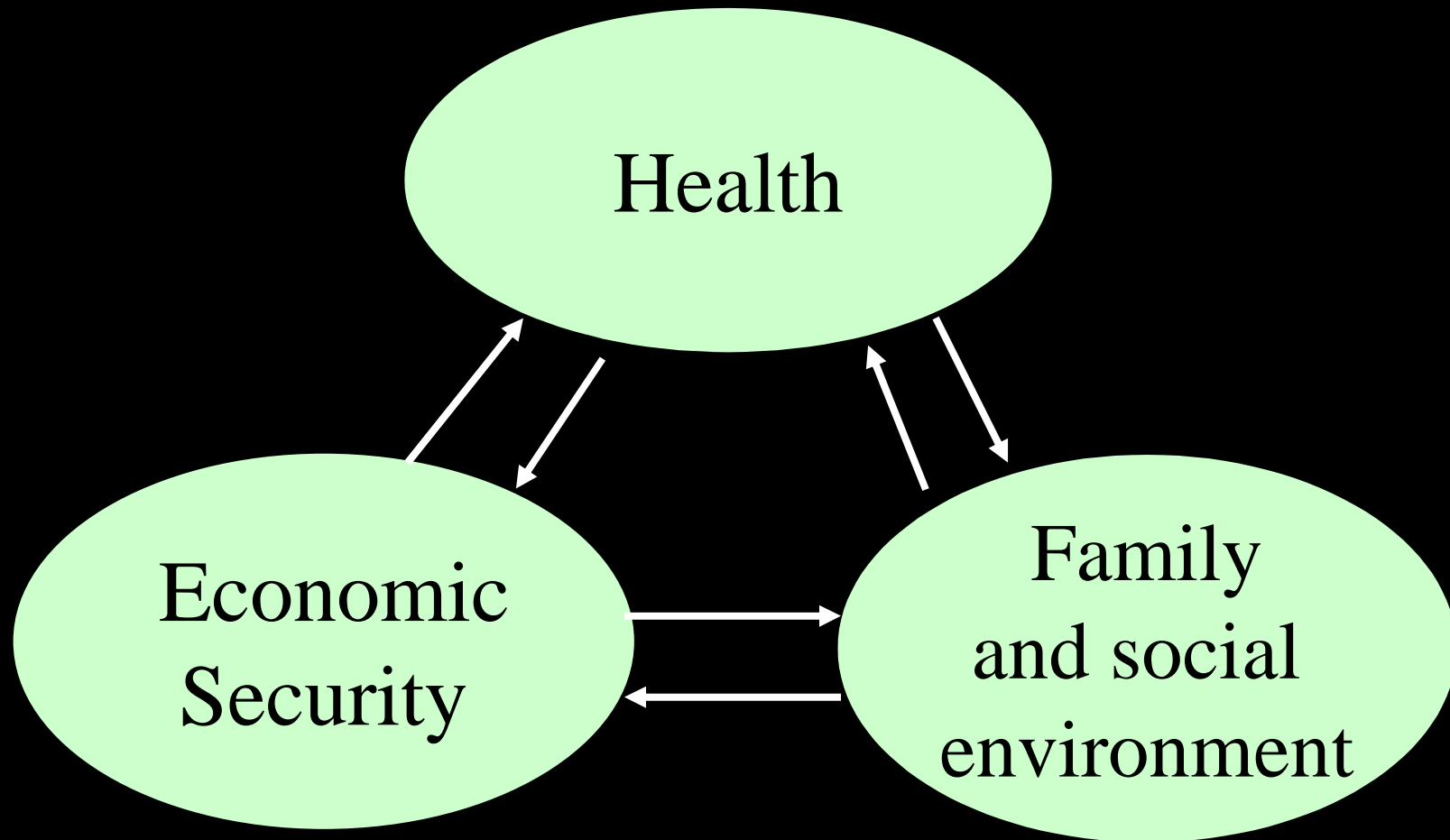
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Public Health Intervention to Increase Health Expectancies

**Requirements and hurdles to implement
public intervention to improve health
expectancies and well-being of the elderly**

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Interrelated topics and interdisciplinary approaches



Sources of help for the elderly

- Support from children and kinship
- Public institutions: social security and socialized health care
- Pocket money and personal savings

Social protection floor should:

- Provide universal coverage
- Protect actual risks and avoid perks
- Provide adequate benefits, in a uniform and fair basis
- Observe solidarity and redistribution
- Be financially, economically and socially sustainable

None of the above conditions are met. **But concerns and discussions are restricted to costs and financial stability**

Are pensions a threat to social protection ?

- Coverage limited to salaried, urban employees
- Contributions are low and not equivalent to actual costs of pensions
- Political use and unions pressure for low contributions and outrageous high benefits (fabricated old-age)
- Fiscal obligations compromising stability and development

Risks from reforms

- **Low coverage; insufficient pensions; financial risks**
- Heavy burden for public budget: transition costs and minimum pensioners; still a pay-as-you-go system but more expensive
- **High administration costs and profits**
- Lack of solidarity, disadvantage for women and the poor
- **Funds are mainly covering current government expenses, far from economic investment**

There are not financial planning for health care

- Most pensions are under 3 times the minimum wage.
- Health care cost for the elderly will be above that figure
- That is, health care will be more expensive than the pension system
- There are not fiscal or financial planning to meet health care

Two perspectives

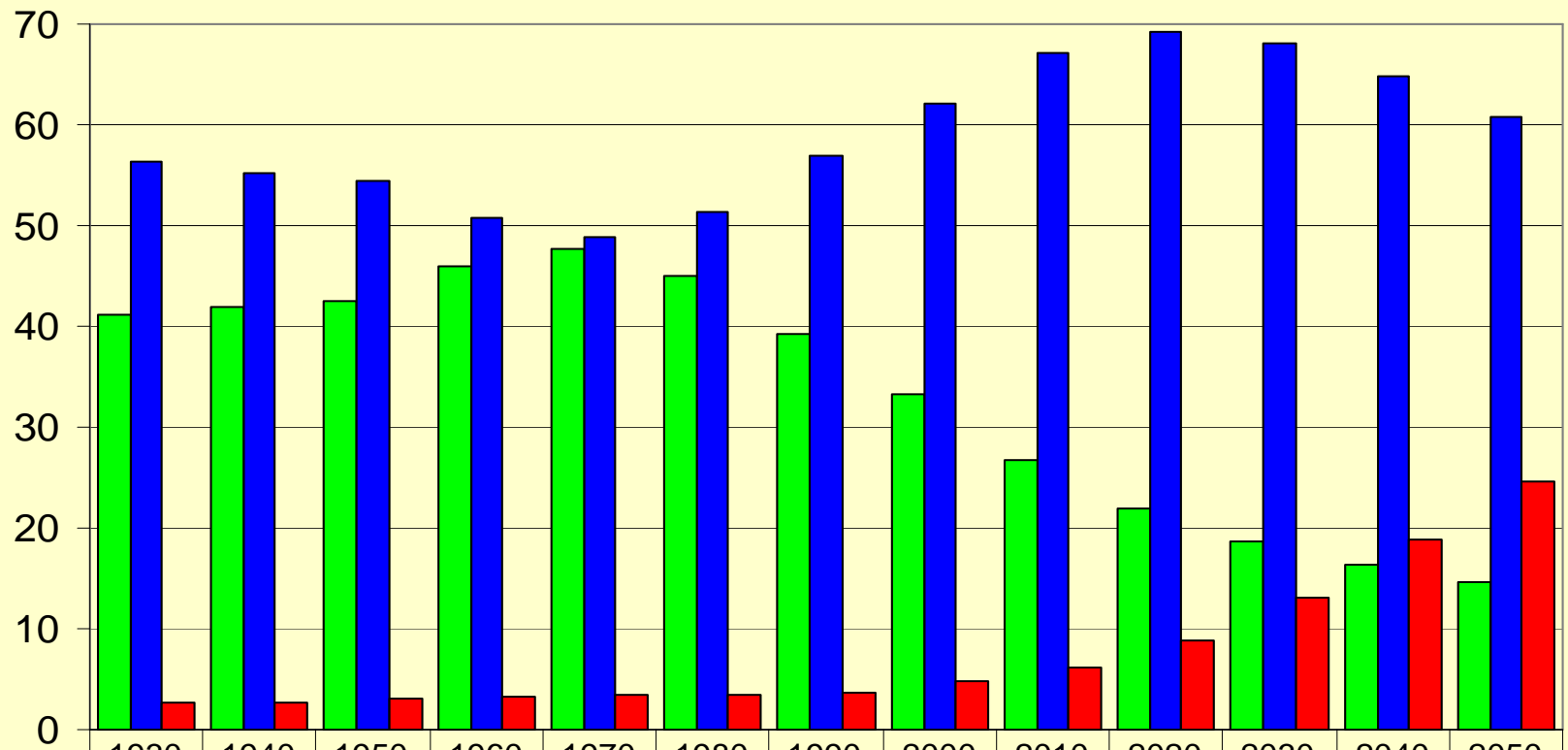
- Short term, under feasible hypotheses. Used for immediate budgeting and planning
- Medium and long-term; not intended as forecasts. *Scenarios* to design State policies, to seek desirable goals and to avoid crisis
- For social security long-term scenarios are a must.

Variables inside an actuarial projection model

- Demographics
- Economic active pop.
- Afiliation
- Mortality
- Retirement rates
- Retirees survival
- Widowhood
- Health conditions
- Wages
- Contributions
- Contribution density
- Pensions costs
- Administration costs
- Funded reserves
- Financial returns

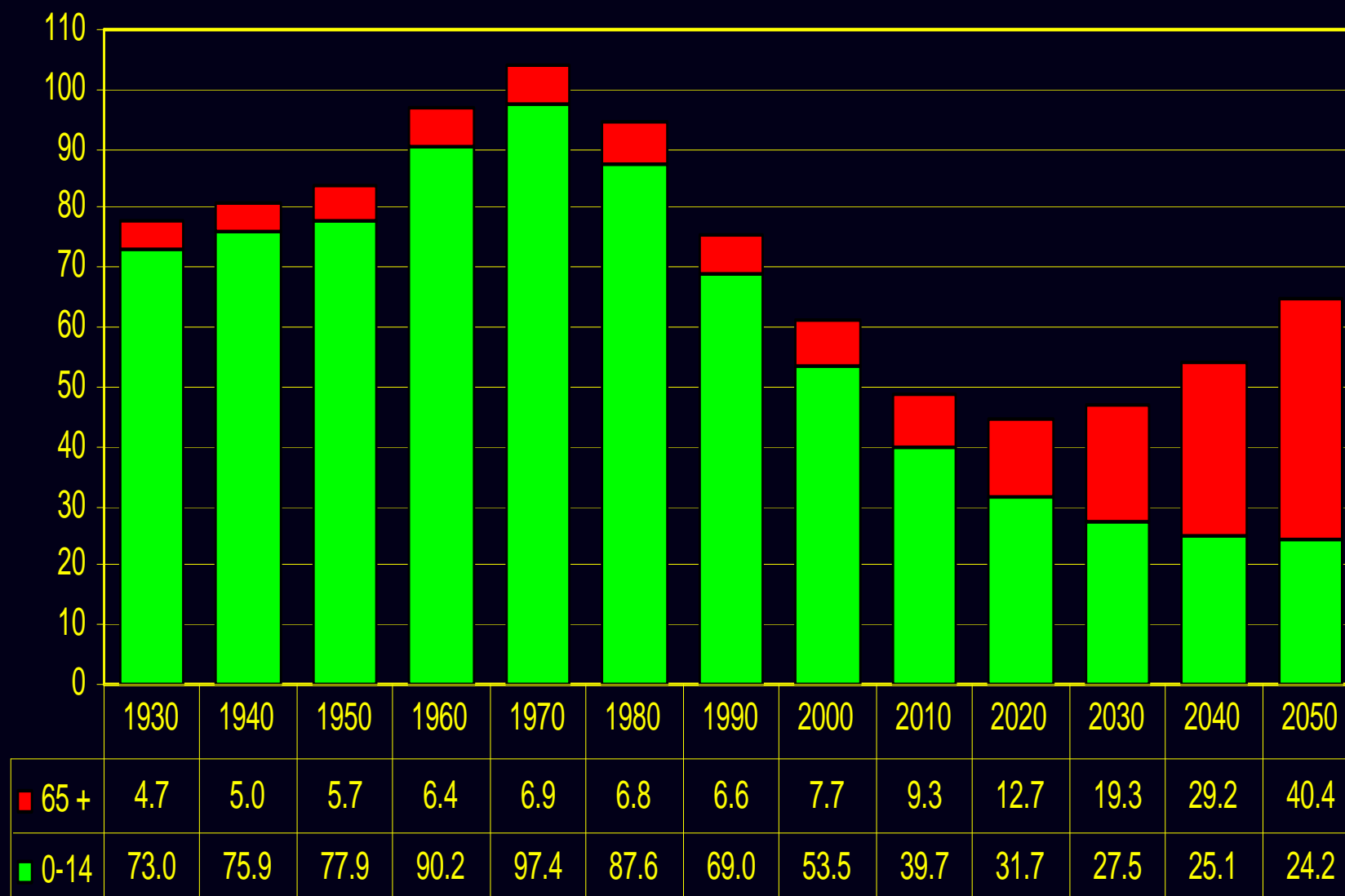
- The future is always unknown
- Large numbers, likelihood and possibilities
- «,, prospective model **under “some” hypothesis**»
- Learnings from history? From simplicity, to complexity. From the possible to the impossible
- Warnings: unethical profits, unions, politics, ignorancy, irresponsability or perversity translated as hypothesis

Distribución porcentual en grandes grupos de edad. México, 1930-2050



	1930	1940	1950	1960	1970	1980	1990	2000	2010	2020	2030	2040	2050
0-14	41.1	41.9	42.4	45.9	47.7	45.1	39.3	33.2	26.7	22.0	18.7	16.3	14.7
15-64	56.3	55.3	54.5	50.9	48.9	51.4	57.0	62.0	67.1	69.3	68.1	64.8	60.7
65+	2.6	2.8	3.1	3.3	3.4	3.5	3.7	4.8	6.2	8.8	13.2	18.9	24.6

México: demographic dependency ratios, 1930-2050.



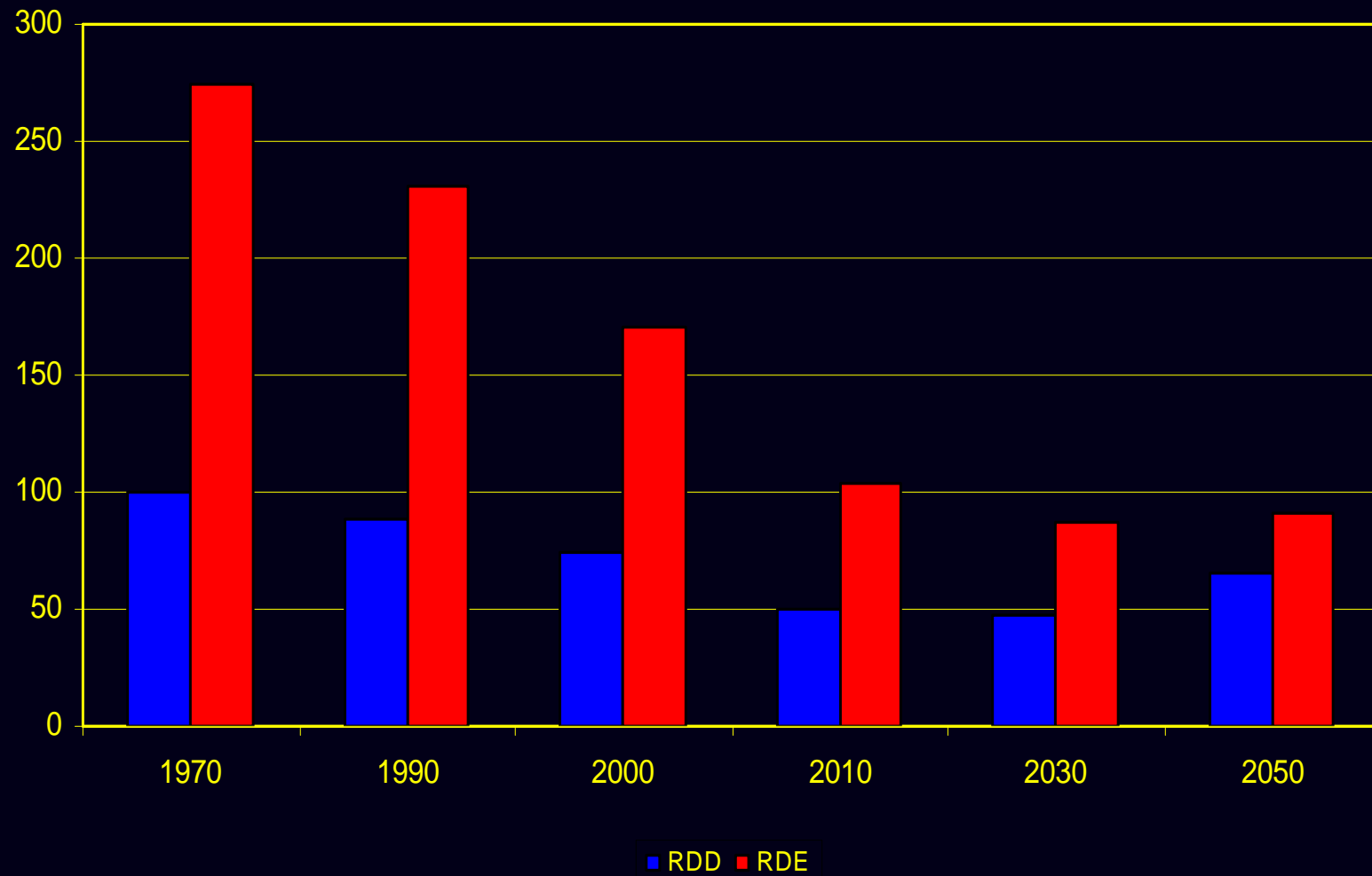
From the demographic windows to the demographic dividends

- Demographic dynamics suggest an opportunity for labor, productivity and development
- This window is temporal followed by a forever aged population
- What's in the future? Eternal heaven, endless hell or some intermedium purgatory?

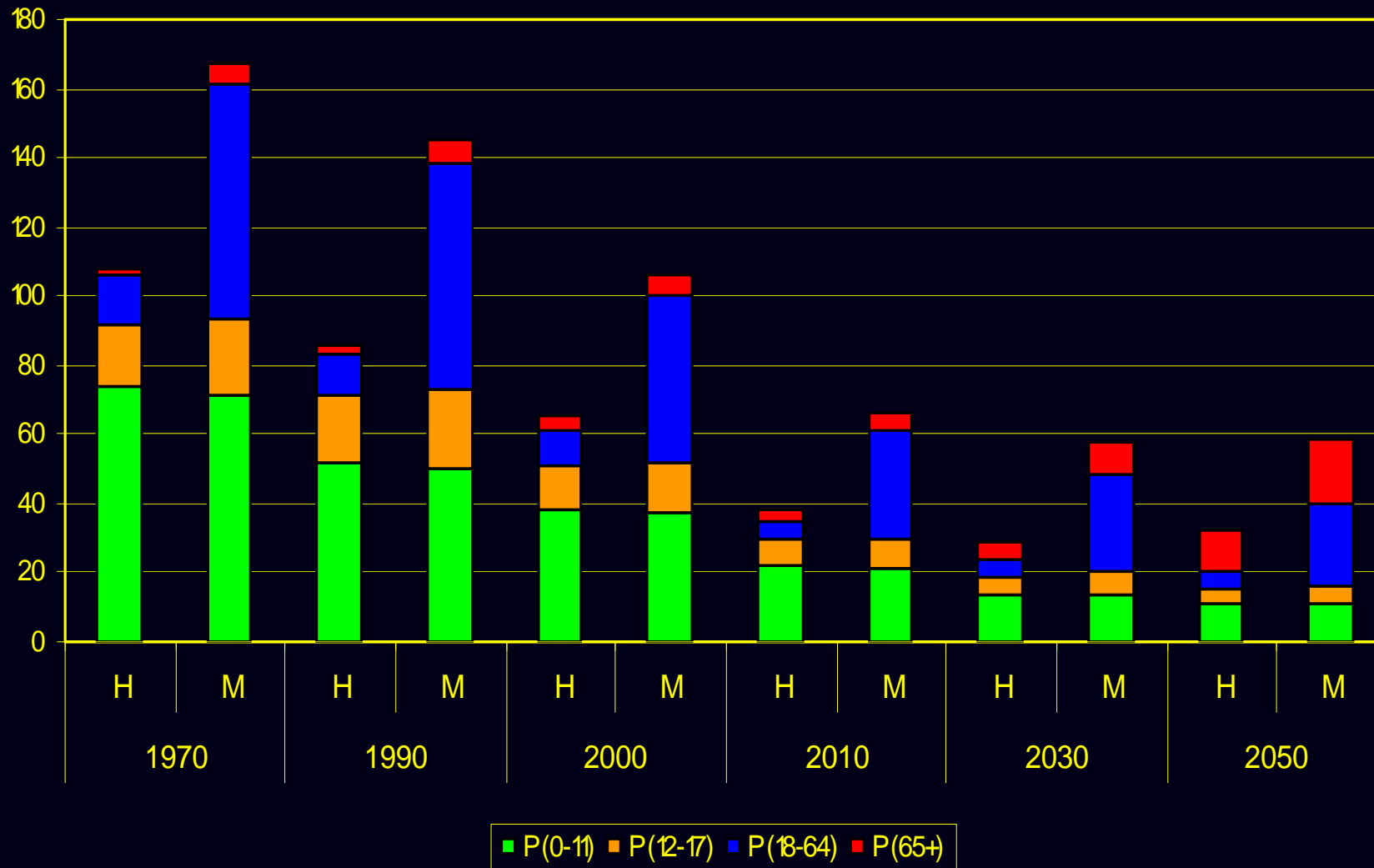
Relationship between both dividends

- **First dividend:** productive work for the large population sector in active ages, saving and investing seeking future productivity, education and health
- **Second dividend:** solidify economic and social structure to sustainably produce the goods and services required by active workers and pensioners

DDR & EDR. México, 1970 - 2050



RDE por grupos de edad y sexo. México, 1970 - 2050



Real solutions do have to include:

- Canceling outrageous privileges.
- Converting 2nd pillar into truly economic savings.
- Investment in social and health sectors and its macro effects.

How utopic are these proposals ?

Between utopia and disaster

- Real world solutions are now in the political arena (**Government, legislation, unions, capital, political parties, private business**).
- Full renovation of economic relations and social contracts.

Which are the hurdles ?

- Critical conflict of vested interests.
- Unawareness (or irresponsibility or perversity) about long-term social and economic consequences
- Lack of involvement of younger generations (they will be in charge of the burden).