

THE IMPACT OF AGING ON HEALTH CARE EXPENDITURE IN DEVELOPED COUNTRIES

MINIAR BEN AMMAR SGHARI¹ & SAMI HAMMAMI²

¹Doctor in Economics, Faculty of Management and Economics, Sfax University, Sfax, Tunisia

²Professor, Department of Economics, Faculty of Management and Economics, Sfax University, Sfax, Tunisia

ABSTRACT

For any developed country, an increase in the proportion of the elderly entails an increase in per capita health care expenditure. This is undoubtedly true, given that individual health care expenditure is an increasing function of age. But what is the magnitude of this effect in comparison with other drivers of health care expenditures?

In this paper, we use micro data to evaluate the respective effects of demographic change, changes in morbidity and changes in practices on the growth in health expenditure that occurred in developed countries.

In addition, the distribution of health care expenditure over different age groups is analysed. The study shows that changes in population aging account for barely 13% of the total increase in health care expenditure and that it is the combined effect of changes in population aging plus the faster increase in health care expenditure per capita in older age groups that governs the development of an increasing concentration of health care expenditure to older age groups.

KEYWORDS: Health Care Expenditure, Age-Structure, Population Aging, Age-Distributed Expenditure