Trends in population, labour force and health in Sri Lanka

Workshop on the World Bank's Study of Ageing

February 27, 2005

Hilton Residencies

Colombo 2

DR RAVI P. RANNAN-ELIYA

APARNAA SOMANATHAN

INSTITUTE FOR HEALTH POLICY

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Outline

Available studies/data

Demographic trends

Labour force trends

Health trends and costs

Agenda for research

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Available studies/data: Demography

- **Available studies/data**
  - Population censuses 1981, (1991), 2001
  - Life tables (1971, 1981)
  - Population projections - CSD, De Silva (1997, forthcoming: 2001-2081 *incorporates migration assumptions*)

- **Gaps**
  - No recent life tables - critical to know life expectancy/mortality rates in elderly cohorts
  - Fertility drivers - long-term path of TFR?
  - Care giving patterns/household dynamics

Available studies/data: Labour force

- **Available studies/data**
  - ➢ CSD Labour Force Surveys (Quarterly)
  - ➢ CB Socio-economic/Consumer Finance Surveys 1996/7, 2003/4

- **Gaps**
  - ➢ Cross-sectional data - no panel data on work and training patterns over life-time
  - ➢ No adequate population survey of pensions/EPF participation/rights/asset dynamics

Available studies/data: Health

- **Available studies/data**
  - Population Censuses 1981, 2001
  - CB Socio-economic/Consumer Finance Surveys 1996/7, 2003/4
- **Gaps**
  - Salience of Barker Hypothesis - Impact of foetal under-nutrition on adult morbidity (South Asian specifics)
  - Socioeconomic differentials in mortality/morbidity of elderly
  - Objectively measured morbidity over time
  - Morbidity compression at end of life

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Demographic Trends

- Critical driver is fertility
  - Uncertainty about future trends
- Replacement level fertility reached by 1994/95
  - 1.96 (DHS 2000. Projections: 1.3-1.9 by 2050
  - Continuum with South India
- Total population to peak at <21-24 mn (2050)
- Elderly ratio (>65 years)
  - 1990: 5.4%;   2000: 7.0%;   2030: 17.0%
  - Females - 60% and increasing with age
- Declining household size
  - 6.0 -> 4.2

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Demographic trends

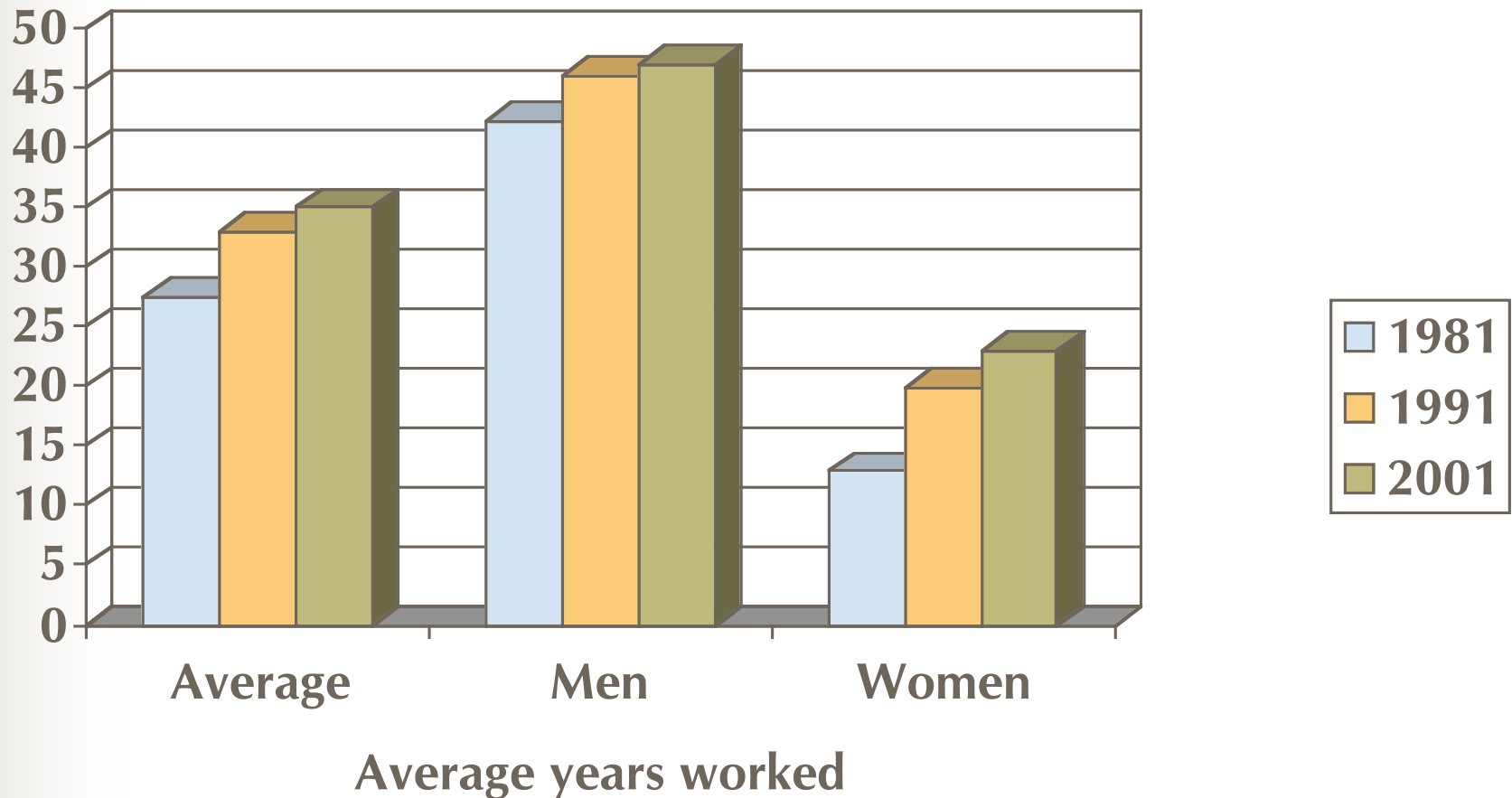**Labour force trends**

Health trends and costs

Agenda for research
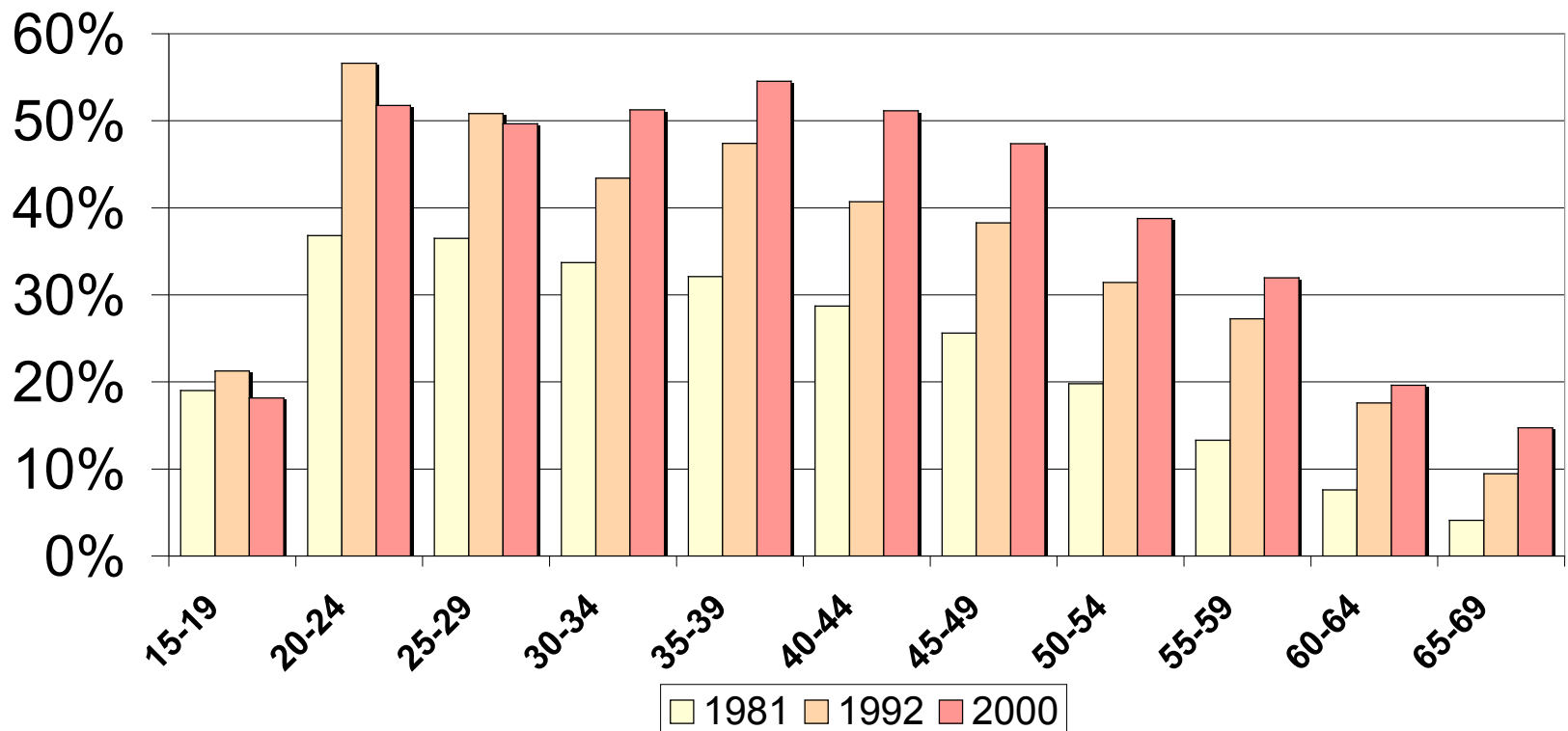
Labour Force Trends

- Population aged 18-65 years - 66%
- Labour force participation rates increasing in 1980-90s:
    - More for women, but large gender disparity exists
    - Increase in full-time work, but many self-employed
    - Decline in part-time work: 9% (1993)->7%(2002)
- Sri Lankans retiring later
    - Average age of retirement for men - 67 years
    - Rising average number of years worked & as proportion of life-span

Sri Lankans are working longer

Average years worked

Female labour force participation rising

Female Labour Force Participation Rates 1981,1992,2000

. . . in absence of policy?

- Raising retirement is key policy shift in advanced economies - not funding
  - Faces counter-pressures of falling retirement ages/withdrawal from labour force
- Sri Lanka
  - No public debate on issue of extending working lives
  - Rarely discussed in pensions "reforms"
  - No research on need for flexible options for women & elderly, and on willingness to work

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Health Trends

- Increase in self-reported morbidity
  - Consistent with longitudinal data from other countries
  - But <u>actual morbidity is declining</u>
- Increase in age-specific use of medical services driven by behavioural change
  - 1-3% per annum, particularly in elderly
- Inadequate information on:
  - Numbers of frail elderly requiring support
  - Prevalence of disability
  - Lifestyle contribution to increasing prevalence in SL of chronic disease (atherosclerosis, diabetes, hypertension), & amenability to therapeutic intervention

Health care costs

- Recent studies (1998-2003)
  - OECD-compatible health expenditure accounts (HPP, 2001)
  - HPP actuarial cost model (NIA/WB/MOH funded, 2003)
  - MHP Team econometric model (Jaica funded)
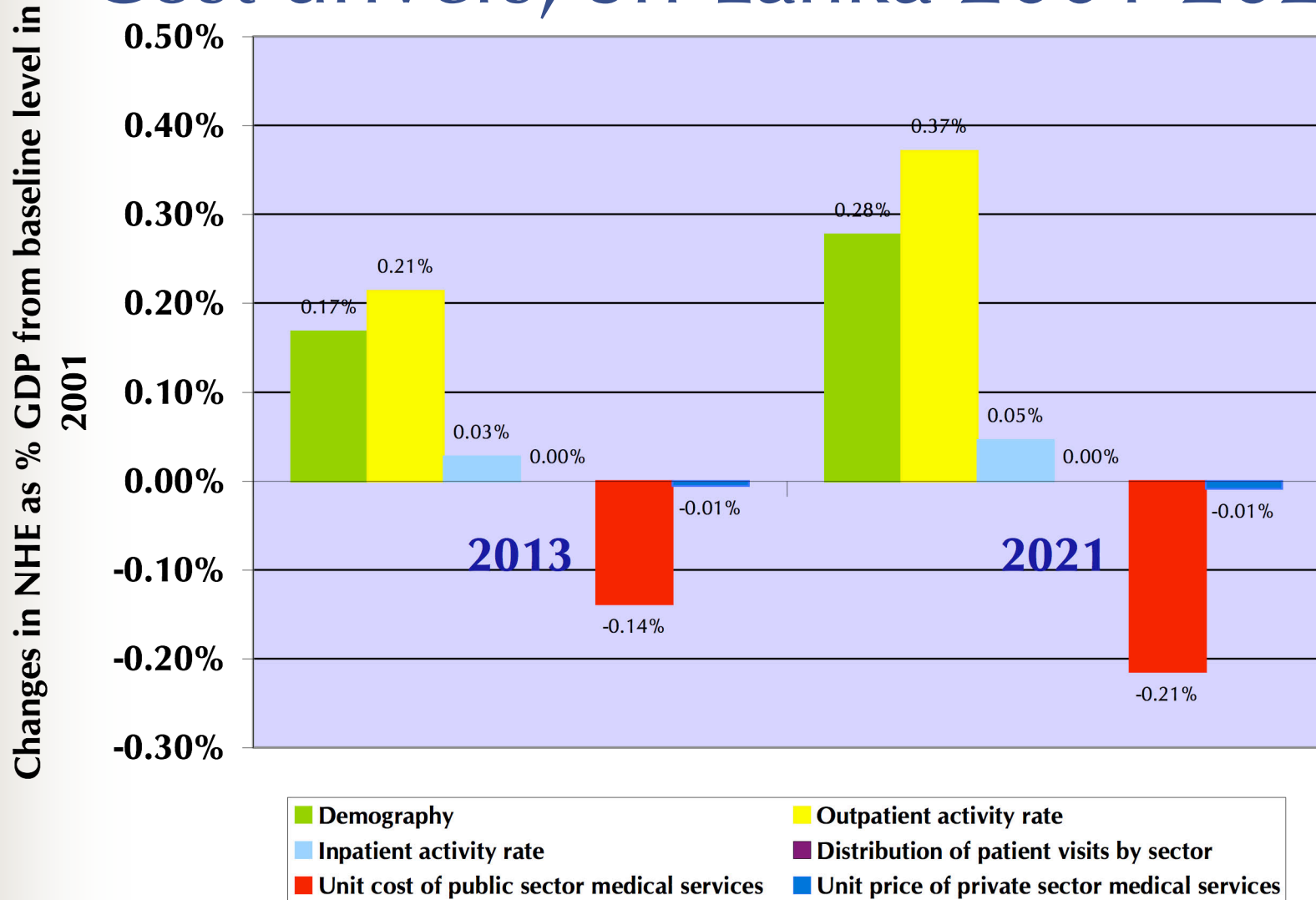- Key drivers of total health spending
  - Secular increase in medical care seeking (+ +)
  - Ageing (+)
  - Productivity in public sector (-)
  - Strengthening of public sector dominance (-)
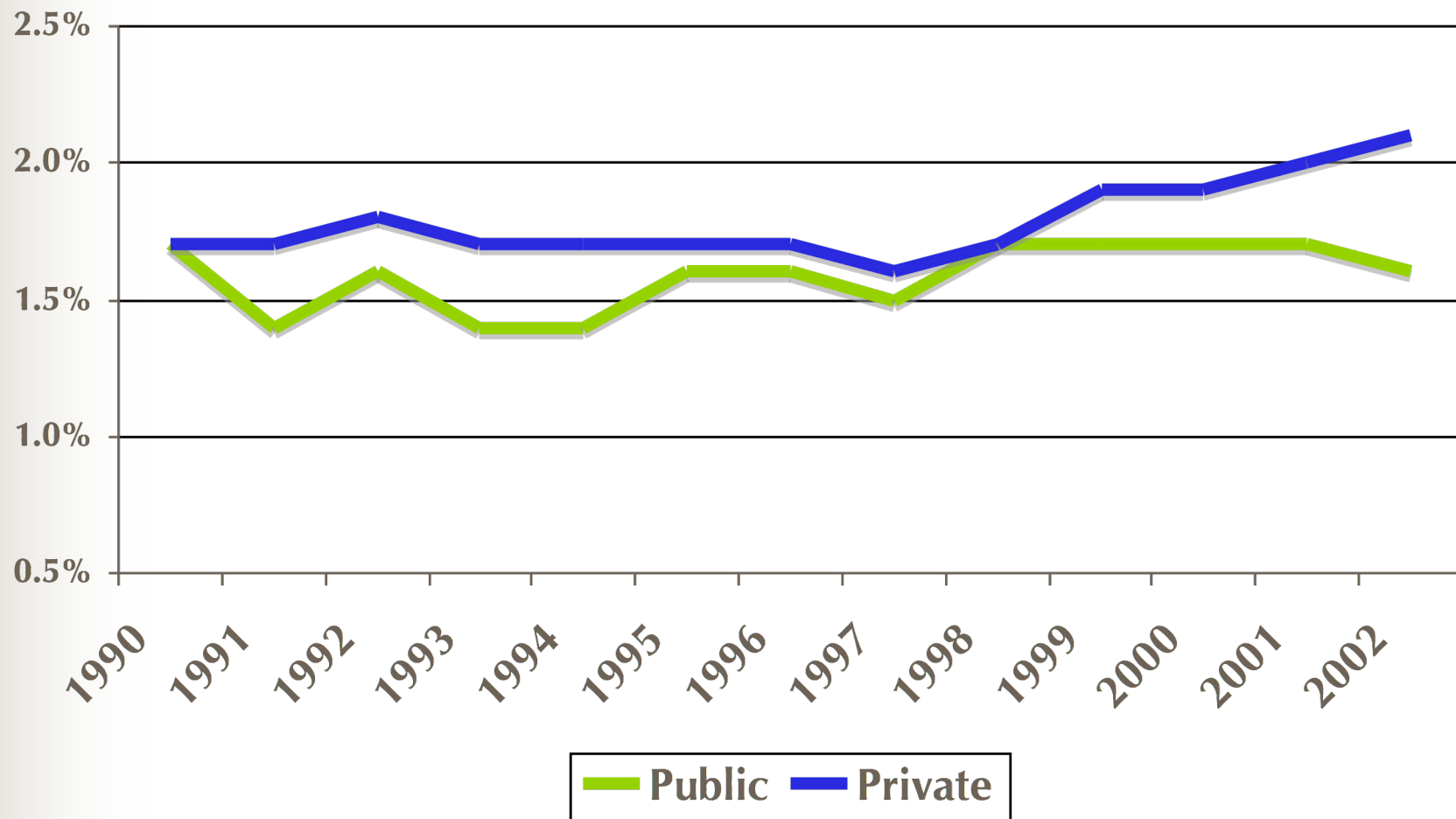- Uncertainties
  - No data on compression of hospitalisation at end of life
  - Weak understanding of public sector productivity trends
  - Coverage of LTC/nursing home expenditures weak in SLNHA

Cost drivers, Sri Lanka 2001-2021

Changes in NHE as % GDP from baseline level in 2001 (y-axis)

2013
- Demography: 0.17%
- Outpatient activity rate: 0.21%
- Inpatient activity rate: 0.03%
- Distribution of patient visits by sector: 0.00%
- Unit cost of public sector medical services: -0.14%
- Unit price of private sector medical services: -0.01%

2021
- Demography: 0.28%
- Outpatient activity rate: 0.37%
- Inpatient activity rate: 0.05%
- Distribution of patient visits by sector: 0.00%
- Unit cost of public sector medical services: -0.21%
- Unit price of private sector medical services: -0.01%

Legend:
- Demography
- Outpatient activity rate
- Inpatient activity rate
- Distribution of patient visits by sector
- Unit cost of public sector medical services
- Unit price of private sector medical services

Source: Cost projections from MOH PHRD and Harvard NIA studies

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Sri Lanka health spending (%GDP)

Source: MOH/IPS Health Policy Programme

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Research Agenda: Demography

- Critical need to update life tables, with attention to elderly
  - Desk analysis of existing census/registration data

- Long-term fertility/migration trends
  - Secondary review of international trends in very low-fertility countries/SE Asia
  - For analysis and awareness raising

Research Agenda: Labour

- Dynamics of labour force participation
  - What is driving increasing years in work?
  - What is driving/constraining employment of women/elderly
  - Constraints in supply of part-time work
  - In-depth studies/surveys
  - Expansion of existing CSD LFS (cf: Hong Kong)
- National longitudinal population survey
  - Track changing labour force participation, savings & coverage by pension schemes

Research Agenda: Health

- Prevalence of morbidity/disability & linkage to household settings/behaviour
  - Field surveys using ADSL-type measures/RAND Bangladesh/Jamaica type instruments
- Salience of Barker Hypothesis to Sri Lanka
  - High-level interest in MOH
  - Desk reviews/Epidemiological studies to establish evidence and assess relevance
- Lifestyle-related chronic disease
  - Desk-review of literature on cost-effectiveness of behaviour change versus medical intervention in SL
  - Epidemiological studies to establish role of life-style in SL
  - Clinical trials to assess cost-effectiveness of new medical therapies in Sri Lankan populations (e.g. statins for hyperlipideamia)

Research Agenda: Health costs

- Compression of health care costs in last year of life
  - Population and hospital based surveys to assess extent
- Public sector productivity trends
  - Repeat of 1991 and 1997 surveys of public sector productivity focusing on dynamics and drivers (high level of MOH interest in 2005 survey)
- Regular updating of MOH actuarial cost projection model