

## INDUSTRY TRENDS AND OPPORTUNITIES

# AGING

Sarasota County is poised to develop a national reputation as a leader in products and services in markets serving older demographics.

The Sarasota County Five-Year Economic Development Strategic Plan, April 2009, identified "aging" as one of its three key platforms—a promising potential initiative that could be leading edge, first of its kind, and generate significant economic benefit for Sarasota County and the region.<sup>4</sup>

The Aging Platform relates to the businesses and institutions that develop products and services for older demographics. What is common among these industries is the need to design, test and produce a set of goods and services that serve a growing market segment of our economy.

This paper further highlights the aging opportunity for Sarasota County, including providing some key facts for emerging aging industries, so that our community partners might develop a deeper understanding of aging and help the County achieve its goals.



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### Our Aging World

We are aging—not just as individuals or communities but as a world. In 2006, almost 500 million people worldwide were 65 and older. By 2030, that total is projected to increase to 1 billion—1 in every 8 of the earth's inhabitants. Significantly, the most rapid increases in the 65-and-older population are occurring in developing countries, which will see a jump of 140 percent by 2030.<sup>1</sup>

Since the beginning of recorded human history, young children have outnumbered older people. Very soon this will change. For the first time in history, people age 65 and over will outnumber children under age 5. This trend is emerging around the globe. Today almost 500 million people are age 65 and over, accounting for 8 percent of the world's population.<sup>1</sup>

The median age of the world's population is increasing because of a decline in fertility and a 20-year increase in the average life span during the second half of the 20th century. These factors, combined with elevated fertility in many countries during the two decades after World War II (i.e., the "Baby Boom"), will result in increased numbers of persons aged  $\geq 65$  years during 2010-2030. Worldwide, the average life span is expected to extend another 10 years by 2050.<sup>2</sup>

### Our Aging Nation

In the United States, the proportion of the population aged  $\geq 65$  years is projected to increase from 12.4% in 2000 to 19.6% in 2030.<sup>2</sup>

The face of aging in the United States is changing dramatically — and rapidly, according to a new report from the U.S. Census Bureau. Today's older Americans are very different from their predecessors, living longer, having lower rates of disability, achieving higher levels of education and less often living in poverty. And the baby boomers, the first of whom celebrated their 60<sup>th</sup> birthdays in 2006, promise to redefine further what it means to grow older in America.<sup>3</sup>

## Our Aging Community

Sarasota County's older-than-average population actually represents what the United States is estimated to look like in 2025.<sup>4</sup>

Sarasota County is on the forefront of these aging trends—with nearly 32% of the population over age 65, it is the nation's oldest county with a population over 250,000.<sup>4</sup>

## Key Aging Industries

Industries are growing and new ones are developing to capitalize on the Aging Opportunity. Notable changes in medical services and healthcare are occurring. New industries related to aging in place and medical tourism are reinventing markets for developing products, services and housing for an aging population across the world and nation.

Sarasota County is in a unique leadership position to capitalize on the Aging Opportunity. The median age in Sarasota County is 49.2 years, compared to 39.8 years for the State of Florida, and 36.4 years for the U.S. The distribution of population indicates far fewer school age residents and far more residents 65 years and older. The 50-60 age cohort alone represents \$1 trillion/year in spending power.<sup>4</sup>

## Medical Services and Healthcare/Wellness

Healthcare has become a significant engine for the US economy. Healthcare is the largest sector of the US economy at 16.6% of GDP.<sup>6</sup>

America spends more on healthcare than any other nation and healthcare expenditures are projected to grow:

With healthcare costs in our country at \$2.4 trillion nationally- nearly \$8,000 per year for every man, woman and child in America- the US spends more on healthcare than any other nation.<sup>6</sup>

Total public and private healthcare expenditures in the U.S. are expected to grow at an average annual rate of 6.7 percent from 2007 to 2017, according to a report by the Centers for Medicare & Medicaid Services. They will comprise 19.5 percent of GDP in 2017, up from 16.3 percent in 2007.<sup>9</sup>

Among the top 10 sectors that added the most jobs in Sarasota County during the past five years, two sectors were in health care.<sup>4</sup>

"Telemedicine" seems to be the healthcare way of the future:

More than ½ of healthcare IT professionals believe that telemedicine will be widespread in five years. Telemedicine is the diagnosis and/or treatment of a patient by a health practitioner using electronic technologies (e.g. Email). Telemedicine is believed to improve access to, quality of and cost of healthcare.<sup>8</sup>

Increasingly, various electronic interfaces are being used to connect providers and to connect healthcare practitioners to patients. About one in four consumers says they would like to consult their doctor or nurse via e-mail.<sup>6</sup>

Sarasota County's demographics are a differentiator in and of themselves. Sarasota County's current age profile is similar to that projected for the developed world in 2025. Additionally, the relatively higher education and income levels in these cohorts suggest that these residents may be more likely to be early adopters of technology/other advances.<sup>4</sup>

## Medical Tourism

Baby boomers and mature travelers are creating big market opportunities for medical tourism, which is the rapidly-growing practice of traveling across international borders to obtain health care.

One of the biggest market segments for medical tourism is the American baby boomers and Americans who will be retiring outside the United States. Almost 75 million baby boomers are heading toward retirement in the United States and the cost of private nursing care in the US is too expensive for many of them. Almost 5 million Americans are living overseas as expatriates now. For example, there are already an estimated 1.2 million retired Americans and Canadians in Mexico who are going to need high quality healthcare at affordable prices. While most Americans and Canadians won't buy into Mexico's national healthcare system, which only costs about \$350 a year, many will opt to pay cash to receive healthcare at some of Mexico's top accredited hospitals for a fraction of the cost to travel back to the US for medical care.<sup>16</sup>

Sarasota County's demographics, combined with public health and social research at Florida universities and the proposed Sarasota Institute for the Ages, provide some unique opportunities for the region. Advancements in health information systems are creating new markets for research and health care management by providers and consumers.<sup>4</sup>

Medical tourism is growing rapidly in the US:

Medical tourism is a significant and growing market with spending projected to rise from \$60 billion in 2008 to \$100 billion in 2010. Thirty-five countries worldwide are marketing medical tourism procedures.<sup>15</sup>

Two out of every five consumers would consider traveling abroad for a medical elective procedure.<sup>15</sup>

Inbound Medical Tourism, where patients are traveling from other countries to the United States is still booming and successful. It has gone ten more competitive as some US hospitals tighten up their prices to compete during the economic recession against other US hospitals attracting foreign patients. US hospitals are continuing to report success and many are expanding their efforts and work to help expand and attract more patients to the US for high quality healthcare.<sup>16</sup>

US cities are starting to recognize the potential of medical tourism:

The Medical Tourism Association has seen an emergence in healthcare cities and clusters and has been assisting in this development through its free educational seminars held all over the globe. The objective is to assist in the creation of the governing body, establish quality criteria and to assist in making the clusters run fairly to promote the hospitals and clinics that participate and to focus on promoting the location.<sup>16</sup>

A healthcare cluster is generally an independent organization of hospitals, clinics, medical professionals and the government in a specific city, state, or region. A healthcare cluster is funded by all the participants in the healthcare cluster and represents the interests of all the members and the cluster may also be supported by government funding. Their purpose is to promote the members

of the healthcare cluster and to build a reputation as having extremely high quality healthcare.<sup>16</sup>

### **Aging In Place**

Health improvements have contributed to the need for less care and a fast growing segment of older Americans:

The fastest growing segment of America's aging population are those people over the age of 85 who are most likely to need the support of family, friends and the community to remain living independently.<sup>10</sup>

Health improvements have shrunk the long-term care market directly by reducing the base of people who need care, and they have shrunk the market indirectly by increasing the supply of healthy elderly people who can provide care at home.<sup>5</sup>

Nursing home utilization is down and surveys show that older adults prefer to "age in place":

Nursing home utilization occupancy rates per thousand population have declined by 41 percent between 1973 and 2004 for the 65 and older population.<sup>5</sup>

Studies have shown that older adults overwhelmingly prefer to "age in place" in their existing homes and communities, but may need to modify their existing home or move to another residence that is more accessible, more affordable or more appropriate in size to accommodate their changing needs.<sup>11</sup>

The Ecumen Age Wave study, conducted by Decision Resources Inc., notes that 0 percent of baby boomers said they want to live in a nursing home - even if they or a spouse have a debilitating illness. The vast majority, 89%, wants to live at home, and nine out of ten baby boomers anticipate that technology will help them live longer and more independently, with over half of baby boomers saying they'll pay \$100 per month for digital health technology and five percent saying they'll spend \$500 per month. Nearly nine out of 10 (87%) support state funding for a research center to develop digital health technology to help people stay independent.<sup>13</sup>

“Aging in place” promises to transform the face of U.S. suburbia:

Suburban communities traditionally built around the needs of young families with small children are beginning to grapple with how they will meet the needs of aging residents and whether to shift priorities from schools and parks to transit, health care and other services.<sup>12</sup>

Changes proposed now could fundamentally change the landscape and culture of suburbia in coming years. Drivers, one in four of whom will be seniors in 2029, may find their way aided by brightly colored road signs with bold lettering. Seniors will probably gather in activity centers that look more like cafes than the depressing municipal structures of years past. Home buyers are likely to see fewer multistory McMansions and more wheelchair-friendly one-story dwellings with wide doorways and roll-in showers.<sup>12</sup>

Communities are already on the move to take advantage of the aging in place trend:

Aging Atlanta is a partnership of 50 organizations dedicated to insuring that the metropolitan region is a place older adults can live with independence and dignity.<sup>14</sup>

The Fairfax Board of Supervisors has released a “50+ Action Plan,” making the county one of the first jurisdictions to present a road map for managing the population change.<sup>12</sup>

An effort is currently underway to create an “Institute of the Ages” in Sarasota County. The institute would act as a focal point and aggregator for markets and industries related to aging.

The Aging Opportunity holds great promise for Sarasota County to achieve its economic development goal of reaching a target of 15,000 jobs and 2,500 new firms in five years. Reaching this goal means a more strategic focus of our resources around aging, supported by clear outcomes and strategies, and shared accountability.<sup>4</sup>

Sarasota County has both the target demographics and the related businesses; the assets necessary to capitalize on aging opportunities. With help from our community partners to grow existing businesses and attract new businesses serving an “aging” market, including medical and health-

care/wellness, aging in place and medical tourism, Sarasota County will achieve its economic development goals and build a national reputation as a leader in products and services in markets serving older demographics.

#### Sources

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