Perspective: “Aging” Not Mainly from Mortality

Aging (change in age distribution) mainly due to drop in birth rates
Various Alternative Projection Approaches Using Data

- Extrapolating past trends:
  1) Age setback (*early method*)
  2) Mortality rate by age and sex (*Lee/Carter*)
  3) Life expectancy at birth (*Vaupel/Oeppen*)
  4) Mortality rate by trend all ages (*2011 Technical Panel, CBO 2013-5*)

- Or reflect changing conditions:
  5) Improvement by cohort (*UK CMI, SOA*)
  6) Mortality rate by age, sex, cause (*OCACT/TR, 2015 Technical Panel*)
2) Extrapolation by Age and Sex

- Example: Lee and Carter
- Fit the average trend of a selected period
- Future conditions must replicate the past—on average
- Age gradient never changes
- No deceleration in mortality decline
Mortality Decline Varies Over Time
Conditions: Antibiotics/economy 1936-54; Medicare/Medicaid 1968-82

Female Historical and Projected (2014 Trustees Report)
Annual Percent Reduction in U.S. Mortality Rates

<table>
<thead>
<tr>
<th>Age Group</th>
<th>1900 to 1936</th>
<th>1936 to 1954</th>
<th>1954 to 1968</th>
<th>1968 to 1982</th>
<th>1982 to 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Age 15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 15 - 49</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 50 - 64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 65 - 84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 85 and older</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Male Historical and Projected (2014 Trustees Report)
Annual Percent Reduction in U.S. Mortality Rates

<table>
<thead>
<tr>
<th>Age Group</th>
<th>1900 to 1936</th>
<th>1936 to 1954</th>
<th>1954 to 1968</th>
<th>1968 to 1982</th>
<th>1982 to 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Age 15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 15 - 49</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 50 - 64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 65 - 84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 85 and older</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3) Will Life Expectancy Rise Linearly?
Vaupel/Oeppen 2002; Best Nations

- Requires *accelerating* rate of decline in mortality rates if retain age gradient
- LE most affected by lowest ages—only so much gain possible
- Most disagree
  - Vallin/Meslé
4) Extrapolate All Ages the Same

- Ignores historical age gradient

Result:
  - Substantial bias for population age distribution

Thus, large bias for cost as % of payroll
  - Less mortality decline at young ages raises cost
  - More mortality decline at higher ages raises cost
Appropriate Data: by Age Critical

*Age-gradient in past reduction is clear*

**Long-Term Historical Average Annual Rates of Reduction in Mortality 1929 to 2009**

**Recent Historical Average Annual Rates of Reduction in Mortality 1982 to 2009**
5) Extrapolation by Cohort

- U.K. (& SOA-RPEC): “Phantoms never die” data issues
- Post-WW2 births: antibiotics young, statins later
- What does change up to age x say above age x?
  - Is cohort healthier at x if lower mortality up to x?
  - Or is cohort compromised by impaired survivors?
  - What does one cohort imply for the next cohort?
- Period effects from known changes in conditions are stronger—especially in the U.S.
6) Projection by Age, Sex, Cause

- SSA/OCACT/Trustees Reports (2015 Technical Panel)
- Requires selecting ultimate rates of decline
- Allows change in age gradient
- Results in deceleration in mortality decline

### Comparison of Historical, 2015 Trustees Report, and Ron Lee*

#### Average Annual Rates of Decline in Age-Sex-Adjusted Death Rates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.79</td>
<td>1.22</td>
<td>2.14</td>
<td>2.77</td>
<td>2.74</td>
<td>2.72</td>
<td>1.58</td>
<td>1.57</td>
</tr>
<tr>
<td>0.63</td>
<td>0.61</td>
<td>1.06</td>
<td>1.07</td>
<td>1.06</td>
<td>1.05</td>
<td>0.97</td>
<td>0.93</td>
</tr>
<tr>
<td>1.61</td>
<td>1.27</td>
<td>0.05</td>
<td>1.34</td>
<td>1.34</td>
<td>1.34</td>
<td>1.17</td>
<td>1.09</td>
</tr>
<tr>
<td>0.92</td>
<td>2.11</td>
<td>0.91</td>
<td>1.06</td>
<td>1.06</td>
<td>1.05</td>
<td>1.09</td>
<td>0.86</td>
</tr>
<tr>
<td>-0.18</td>
<td>1.30</td>
<td>-0.11</td>
<td>0.65</td>
<td>0.64</td>
<td>0.63</td>
<td>0.64</td>
<td>0.53</td>
</tr>
<tr>
<td>0.51</td>
<td>1.78</td>
<td>0.48</td>
<td>0.88</td>
<td>0.86</td>
<td>0.85</td>
<td>0.89</td>
<td>0.71</td>
</tr>
<tr>
<td>0.75</td>
<td>1.59</td>
<td>0.48</td>
<td>0.99</td>
<td>0.96</td>
<td>0.94</td>
<td>0.95</td>
<td>0.80</td>
</tr>
</tbody>
</table>

* Fit 1950-2011, using Medicare-enrollment data for 65 and over, rather than HMD data

See Actuarial Note 158 https://www.ssa.gov/oact/NOTES/pdf_notes/note158.pdf
Age-adjusted Death Rates for Heart Disease, Cancer, Stroke, and Unintentional Injuries: United States, 1900-2015

(courtesy Robert Anderson, NCHS)

Rate per 100,000 standard population

Heart disease

Cancer

Stroke

Unintentional injuries

NOTE: Data prior to 1933 contain death-registration States only. Data for 2015 is provisional.
Mortality Decline by *Cause* of Death:
*Rate of change from 1979 to 2013*
Age-Sex Extrapolation vs. Age-Sex-Cause Projection

Lee maintaining full age-gradient offsets lack of deceleration
Result: OASDI actuarial deficit unchanged using Lee estimates
Endorsed projections by cause with age-gradient

Suggested *average* age-adjusted 1% annual rate of decline
- To match average rate since 1950, overall
- Understood this incorporated deceleration

Chairperson Alicia Munnell, after TR 2016, said she was glad Trustees did not adopt the 1% rate of decline
Mortality Experience: All Ages

Reductions continue to fall short of expectations
Mortality Experience: Ages 65 and Older

Reductions since 2009 continue to fall short of expectations

Age-Sex-Adjusted Death Rates
(Ages 65 and Older)
Mortality Experience: Ages Under 65

Actual increase since 2010
Developing Assumptions by Cause

- Scientific approach reflecting biology
- Trustees and SSA/OCACT develop in consultation with other experts
- Johns Hopkins recent survey of medical researchers and clinicians came to very similar medium term expectations—individually
  - Trustees’ medium-term rates by cause had not been published
Cardiovascular: JHU Less Optimistic than Trustees over Age 50 for Next 30 Years

Cardiovascular Disease-Female
Average Annual Percent Reduction
JHU values are for the period 2009-2040

Cardiovascular Disease-Male
Average Annual Percent Reduction
JHU values are for the period 2009-2040
Respiratory: JHU More Optimistic under Age 50, Less Optimistic over Age 85

**Respiratory-Female**
Average Annual Percent Reduction
JHU values are for the period 2009-2040

**Respiratory-Male**
Average Annual Percent Reduction
JHU values are for the period 2009-2040
Cancer: JHU Very Similar to Trustees’ Expectations

Cancer-Female
Average Annual Percent Reduction
JHU values are for the period 2009-2040

Cancer-Male
Average Annual Percent Reduction
JHU values are for the period 2009-2040
How Future Conditions Might Change

- Smoking decline for women
  - Started and stopped later than men
- Obesity—sedentary lifestyle
- Difference by income/earnings
- Health spending—must decelerate
  - Advances help only if apply to all
- Human limits
  - Increasing understanding of deceleration

Sam Preston 2010—must consider cumulative effects
Increasing duration of obesity for aged in future
Death Rates Vary by Career Earnings Ranking

Difference has increased

Female 65-69 Retired-Worker
Relative Death Rates by AIME Quartile

1990
2010
Does Health Spending Affect Mortality?

Note rise, at least through 2009
Health Spending Cannot Continue to Rise at Historical Rates

Note Trustees’ deceleration

Annual Percent Change in Medicare Cost per Beneficiary Relative to GDP per Worker: 2015 TR
Is There an Omega?

It appears we are rectangularizing the survival curve?
Death Rates Will Continue to Decline: But How Fast and for Whom?

- Must understand past and future conditions
  - Persistent historical “age gradient”
  - Avoid simple extrapolation of past periods
    - Cannot ignore changing conditions
      - “Limits” on longevity due to physiology
      - Latter half of 20th century was extraordinary
    - So deceleration seems likely
    - Cause-specific rates allow basis for assumptions
  - Results: in the 1982 TR, we projected LE65 in 2013 to be 19.0; actual was 19.1
For More Information…

http://www.ssa.gov/oact/

- Documentation of Trustees Report data & assumptions

- Historical and projected mortality rates
  https://www.ssa.gov/oact/HistEst/DeathHome.html

- Annual Trustees Reports
  https://www.ssa.gov/oact/TR/index.html