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## Healthy and active ageing: turning the 'silver' economy into gold

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### BACKGROUND

For many, population pyramids for the coming decades paint a daunting picture. Eurostat predicts that the number of over 65 year olds in the EU's 27 member states will increase from 17% in 2010 to around 30% by 2060. Moreover, the proportion of working age people will decline while the relative number of retired people continues to increase. The European Commission estimates that by 2060, age-related expenditure, for example on health care and pensions, will increase to nearly 30% of GDP in the EU 27. Costs are expected to rise by 4.75 percentage points of GDP compared to today, but there are no clear indications as to where this money will come from. Add to the picture additional pressures created by the current economic crisis, and the response may well be a gulp and a frightened sigh.

But, closing our eyes will not make the demographic challenge disappear; nor will it transform overstretched public budgets into sustainable sources of funding for ageing societies. EU member states must commit themselves to address this shared challenge. By bringing about an attitude change and by transforming society, EU countries can prevent the welfare, health and financial systems from collapsing, and ensure that

population pyramids are no longer seen as a threat but instead become a narrative for growth, success and social cohesion.

In responding to demographic change, more attention must be paid to the structure of the health and care sectors, social services, labour markets, financial systems and education, as well as to the integration of migrants. Healthy and active ageing should be promoted as a key part of the solution. In taking the necessary action, the EU and its member states must tackle the issue at the heart of the challenge: offering older people adequate social protection while ensuring that the tax and social contributions burden does not become unsustainable for the working population.

Meeting these enormous societal and economic challenges requires common vision and action across society. It requires every key sector and actor to unite behind a common goal. Promoting health, using innovative products, services and processes, and providing people with incentives to continue working can all contribute to healthy and active ageing, but they will only have the desired impact if implemented together.

### STATE OF PLAY

Policymakers at EU and national level are slowly realising that the 'silver economy' is growing: older people represent a huge potential market and an enormous opportunity for Europe. They are creating demand for new services and products, ranging from personalised care to age-friendly technologies and other solutions that enable them to maintain healthy, independent lives. If increased life expectancy is coupled with healthy ageing, and older people can continue to

enjoy life to the full and contribute to the labour market and society, this will reduce pressure on health and social services, and therefore on public budgets. The continuing inclusion of older people in the labour market and society will support social cohesion and strengthen intergenerational solidarity and justice. As demographic change is not exclusively a European phenomenon, Europe has a unique opportunity to become a world leader in active and healthy ageing, bringing products

and services to the global market and sharing knowledge on how to create age-friendly societies.

However, measures to promote healthy and active ageing societies have so far been limited, at both EU and national level. As yet it is not a project that brings together key actors from all areas of society and across policy areas. Collaboration between businesses, governments, regions, cities and consumers is only just beginning. A common approach to healthy active ageing across relevant policy areas is still under development.

To put the challenges and opportunities of demographic change on the policy agenda, the EU has launched various initiatives that support active and healthy ageing. They are not without their problems, but they provide an important basis for developing a common vision, bringing together different stakeholders and taking action across sectors.

### **European Innovation Partnership on Active and Healthy Ageing (the Partnership)**

'The Partnership', which was officially launched by the EU in 2011, aims to improve the health of the EU's older citizens, to help them to remain active and participate in the economy and society, and to boost the efficiency and sustainability of health systems. Its overarching objective is to increase the number of Healthy Life Years (HLY) - an indicator used to estimate how many years a person can expect to live without illness or disability - by two years before 2020.

The Partnership's Strategic Implementation Plan, adopted by a Steering Committee in November 2011, embraces a three-stage approach to ageing: 1) prevention, screening and early diagnosis of potential problems; 2) care and cure, and; 3) adopting active and healthy lifestyles. Encouragingly, the Partnership brought together a diverse group of stakeholders to agree on a set of actions.

Unfortunately, the proposals fall short of providing a comprehensive response to the challenge. The Partnership cannot provide all-inclusive solutions, and its strong emphasis on innovation risks encouraging the development of new technologies but failing to promote the most efficient measures to increase HLYs.

Health promotion and disease prevention are not properly addressed by the Partnership. Improving adherence to long-term therapy, advising patients on the use of medication, preventing falls via innovative monitoring solutions, and using diagnostic tools to identify pre-frailty conditions can undoubtedly play a role, but if the EU is serious about increasing HLYs, it should focus on cost-effective measures with the greatest impact on people's health. Promoting dietary changes, more exercise or quitting smoking can, in a short time, substantially reduce illnesses and lead

to healthier living. Promoting innovative ways of influencing people's behaviour and lifestyles at all ages is also a great economic opportunity.

The Commission Communication '*Taking forward the Strategic Implementation Plan of the European Innovation Partnership on Active and Healthy Ageing*', published in February 2012, sets out proposals for further action. It invites stakeholders to commit to specific actions and aims to establish a marketplace for innovative ideas. It addresses regulatory and standardisation issues, and aims to align relevant funding mechanisms.

Hopefully, as the Partnership develops, the focus on innovation will extend beyond technological solutions. Although they can play an important role in promoting healthy and active ageing, they are not the only drivers for making Europeans healthier.

### **Increasing older people's participation in the economy and society**

Following on from the Lisbon Strategy, under the Europe 2020 Strategy, one of the five headline targets that member states have agreed to implement is to increase the employment rate of 20-64 year-olds to 75% by 2020.

To achieve this, member states must translate the EU target into national targets and action plans. Member states have rightly started to reflect on how pension schemes can support this transition and what more can be done to encourage second careers. However, widespread opposition to increasing the retirement age indicates that communication on the required changes has only just started.

The Commission White Paper '*An Agenda for Adequate, Safe and Sustainable Pensions*', which was published in February 2012, is an important step in this direction. Stressing that pension reform is urgently required, it calls for a more realistic balance to be struck between time spent at work and in retirement, as well as incentives for people to stay in the labour market for longer. It includes a long list of EU initiatives to support national efforts.

One of these, the 2012 European Year on Active Ageing and Solidarity between Generations, aims to raise awareness of active ageing and the conditions for its achievement in labour markets and society. For the campaign to go beyond awareness raising, member states, employers, social partners and citizens must commit themselves to specific actions.

### **Towards a greater role for the EU?**

It must be acknowledged that the EU's ability to influence national health and employment policies is limited and often merely provides a forum for sharing best practices. However, the economic crisis has reinforced the

importance of co-operation and learning from others. Indeed, as the crisis strengthens economic governance in the EU, it gives Brussels a stronger voice in areas that have traditionally been considered a national competence. An example of this transition is the European Semester, which reviews and helps to coordinate member states' macro-economic, budgetary and structural reform policies. Attention is also paid to social and health systems and labour markets, which must be reformed if Europe is to exit the crisis.

It is in every member state's interest to find the best and most cost-efficient ways to promote health, prevent diseases, reform health care and pension systems, and encourage people to participate in labour markets and society for as long as possible. The EU must continue to use the regulatory tools at its disposal, provide guidelines, promote discussion and encourage peer reviews between member states if it is to meet the HLY and employment targets it has set itself.

The EU can also offer financial support for efforts at local level. However, healthy and active ageing is yet to be sufficiently prioritised under the EU's financial instruments for it to become a societal project. The main financial instrument is the European Social Fund, which in 2007-2013 is expected to spend €1 billion on measures that promote active ageing. However, training people to boost their employability is an important but nonetheless insufficient response to the challenge.

The new multiannual financial framework for 2014-2020, currently under negotiation, could play a meaningful role in supporting active and healthy ageing across sectors. To complement the Health for Growth Programme, EU instruments for research and innovation, cohesion funds, the Common Agricultural Policy, educational support and programmes on employment, social policy and inclusion could help make healthy and active ageing a project for all.

## PROSPECTS

Creating a European society that promotes healthy and active ageing demands the following action:

### **1) Increasing healthy life year expectancy**

While the average life expectancy at birth is 76 years for men and 82 for women, current HLY expectancy is around 62 for both men and women in the EU 27. The gap varies between member states, but the average figures demonstrate that until it is closed, older people cannot be expected to fully contribute to society.

If the EU is serious about increasing people's healthy life years, it must do more to promote health and tackle the causes of ill health, rather than to cure its consequences. Health and disease prevention must be promoted across sectors at all levels of society. Health promotion means changing lifestyles, the environment, health care and working conditions to improve health, but disease prevention involves screening, diagnosing and treating diseases before they become harmful and costly.

The EU must harness the tools at its disposal to promote health. It must use legislative tools such as advertising restrictions on unhealthy products, regulating salt and fat content, and food labelling laws. Health systems are a national competence, but the European Semester can help to transform health systems and offer guidance on integrating prevention and health promotion into health services. The EU could use more qualitative and quantitative evaluation tools, such as health impact assessments and cost-benefit analyses, to support cost-effective measures with an enduring positive impact on society and the economy. As employment and social participation are key contributors to well-being and healthy active ageing, the EU should ensure that its policies support this link.

### **2) Creating age-friendly environments**

Creating age-friendly and health-promoting environments in cities and rural communities means addressing issues such as transport, infrastructure, pollution, housing, public spaces and services.

Workplaces can support good health and promote healthy lifestyles, thereby increasing workers' HLYs. More must be done to adapt them to the needs of older people, who are more likely to suffer from disabilities and chronic diseases, to improve access to lifelong learning and to offer people incentives to remain in work for longer. Evidence shows that healthy workers are more efficient and more productive, so adopting a holistic approach to health, mental health and well-being should be a management issue. The EU's social policy competence in promoting health and safety at work could be used to improve workplace conditions in a manner that supports active ageing and the needs of older workers. The EU could look into using its framework for corporate governance to provide guidelines for employers.

The EU should promote a cross-sectoral approach to health at EU level. The Commission should continue to promote partnerships between key stakeholders like public authorities, industry, trade unions and NGOs, and ensure that the voice of older people is taken into account. As well as sharing best practices, the EU could provide governments with guidelines on creating age-friendly environments that help to promote health.

### **3) Increasing the retirement age and the labour market participation rate**

Today, the average employment rate in the EU 27 is 68.6% (46% for 55-64 year olds). The average age at which Europeans exit the labour market is 61. As the

number of people of working age decreases, it is estimated that by 2050 the labour gap could be 35 million. This is unsustainable if Europe wishes to maintain its current level of welfare.

To increase the labour market participation rate to 75% by 2020, increasing HLYs and promoting age-friendly environments must be combined with other actions. As demonstrated in the EPC Issue Paper '*Working away at the cost of ageing: the labour market adjusted dependency ratio*', European labour markets must become more mobile and flexible to deal with demographic trends. The EU must build an integrated labour market, in which people can live, work and provide services across borders. Raising the retirement age and boosting the labour participation rate are national competences, but the EU must continue to promote discussion and share best practices, also from outside the EU. An EU-wide debate on pension reform has begun, but more discussion is needed on making early retirement less flexible and later retirement more feasible, abolishing mandatory retirement ages, managing the transition between work and retirement, maximising volunteering and second career opportunities after retirement, and changing employers and employees' attitudes to part-time work and longer careers.

#### **4) Creating a European market for health-related products and services**

New and existing products and services, from medicines to technologies, can support active and healthy ageing. However, their deployment continues to be hindered by a number of barriers.

The EU needs a single market for health. The Directive on Patient's Rights for cross-border healthcare, a Commission proposal on 'European Standardisation' and EU efforts to boost the interoperability of eHealth systems are steps in the right direction. But the EU should also urge governments to exchange information on public procurement processes and reimbursement requirements for medical technologies, and encourage transparent and efficient Health Technology Assessments.

#### **5) Involving EU citizens in the transition**

None of the actions suggested above will be successful without the buy-in and involvement of citizens. The Partnership recognises that new, innovative solutions will only be deployed if they are developed with and for consumers and patients. Capturing this market and harnessing its growth potential will require businesses to understand older people's needs. Mass-market

products and services must be accessible to them. The EU should include accessibility requirements in the Accessibility Act foreseen for the end of 2012.

The growing number of older people, budget constraints on public services, technological developments and the availability of information online have led to a situation whereby people old and young, patients and consumers, are becoming - and in some cases are forced to become - more involved in their own health care. To ensure a smooth transition, policymakers must support patient involvement, provide educational tools and make sure that the weakest are not left behind.

All EU citizens, be they carers, patients, consumers, workers or employers, must be involved in the transition. They need to understand that the old system is no longer sustainable. Europeans must work longer. They must take more responsibility for their own health. This will require EU and national policymakers to assume a strong role in communicating the facts and necessary action to EU citizens.

#### **It is time to act**

Europe needs an attitude change and a shift in mindset towards active and healthy ageing. It must become a cross-cutting objective that is promoted across sectors and policy areas. This will require better governance, more social innovation, and financing of measures that promote active and healthy ageing. The cost-effectiveness of policies and actions must be measured. Public money spent on health care, health promotion and pensions must work in the best interests of society. The EU has a number of instruments to promote active and healthy ageing, but the greatest would be to harness its new economic governance framework, the European Semester, to examine member states' social and health systems and labour markets, take note of inefficiencies and challenges, and suggest actions that would boost their sustainability and promote longer working lives. It would also give the necessary signal about the seriousness of the situation and encourage collective action. And Europe must act now if it is to turn the ageing challenge into a golden opportunity.

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*This Policy Brief builds on the Coalition for Health, Ethics and Society (CHES) events of 2011 and creates the basis for further discussion on the challenges and possibilities with active healthy ageing.*

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