



Deaths of despair

Health, healthcare, and wellbeing

ANGUS DEATON, PRINCETON

HEALTH FORUM AND 29TH ANDI PHARMACEUTICAL FORUM

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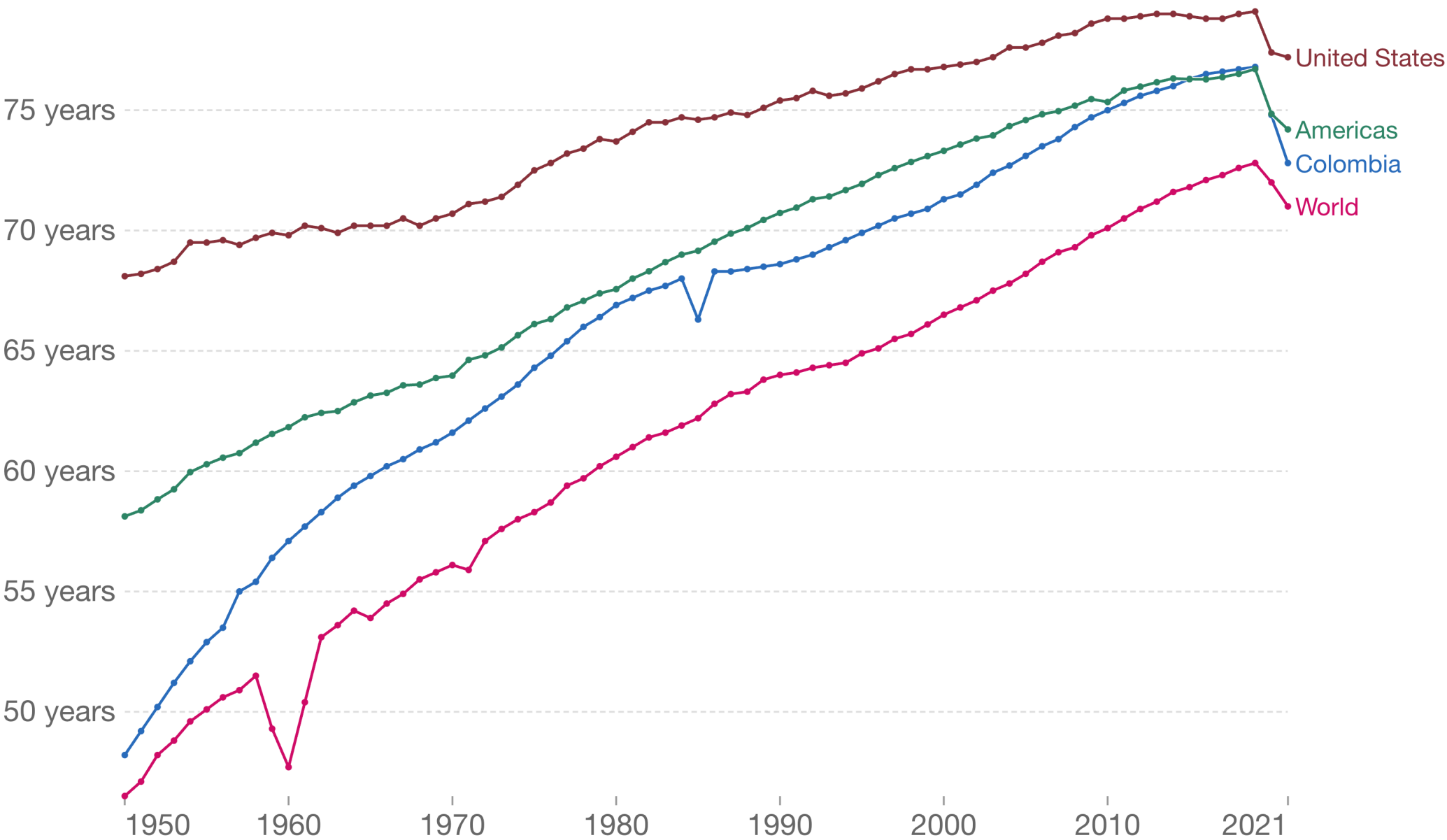
As you seek to change your healthcare. . .

- ▶ I bring some messages from the US and other countries: on the role of the healthcare system in population health
- ▶ Two important routes
 - ▶ Cost of healthcare
 - ▶ Provision and its effects
- ▶ US is an example to AVOID, because it costs so much, and because it provides poor health
- ▶ In the OECD table of life expectancy for 49 countries
 - ▶ Colombia (73.7) is immediately below the US (74.2)-- the US is below China and Peru
 - ▶ Colombia spends 7.6 percent of GDP, US spends 18 percent
- ▶ The WHO ranks Colombian system in terms of efficiency as 22nd in the world, ABOVE both US and Canada

Trends and pandemics

- ▶ Life expectancy is not just a measure of population health
 - ▶ Important component of population wellbeing
 - ▶ An indicator of the health of society: how people are doing more broadly: adverse trends a sign that something is wrong
- ▶ Colombia, like most countries, saw a decrease in life expectancy during COVID-19
- ▶ US did too, but US had seen falling life expectancy for three of the four years PRIOR to the pandemic
 - ▶ See following slide: not very large compared with COVID-19, but had not happened in previous century
- ▶ What is happening in the US? Are there lessons for other countries, especially Colombia?

Life expectancy, 1950 to 2021



Source: UN WPP (2022); Zijdeman et al. (2015); Riley (2005)
OurWorldInData.org/life-expectancy • CC BY
Note: Shown is the ‘period life expectancy’. This is the average number of years a newborn would live if age-specific mortality rates in the current year were to stay the same throughout its life.

No perfect way of delivering healthcare

- ▶ Just too hard: no one has the perfect system
- ▶ MARKET, but information and insurance, uncertainty can lead to physician driven medicine
- ▶ GOVERNMENT, but governments can fail too
- ▶ All countries have government involvement at some point
 - ▶ No one, not even the US, leaves it entirely to the market: denying care to those who cannot pay
 - ▶ Canada and UK, for example, have comprehensive government provision
 - ▶ US has more private provision than most, but Medicare, Medicaid, and lots of regulation
 - ▶ Other countries, like Holland, France or Switzerland do something in between

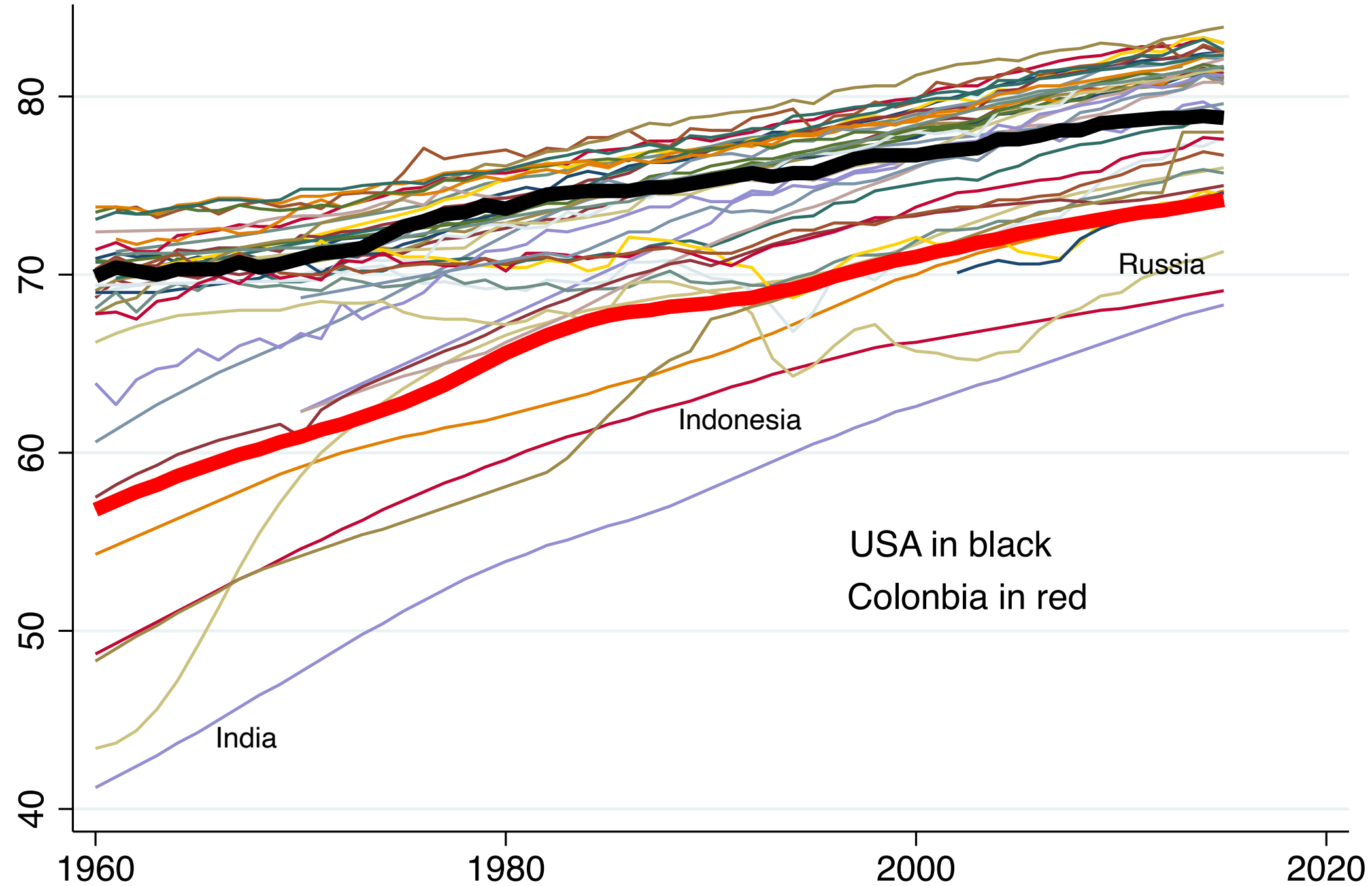
Market v government

- ▶ Pure market is socially intolerable
 - ▶ Though v good for efficiency.
 - ▶ But many people are excluded: especially today when there are expensive life-saving treatments
 - ▶ Many people, including doctors and patients, are morally offended by subjecting patient health to profits
- ▶ Pure government is problematic
 - ▶ Government can raid the system when it is convenient to them
 - ▶ Or austerity campaigns can have serious effects on provision
 - ▶ Often not very efficient: governments can use the system to reward cronies
 - ▶ Governments choose who gets treated or not
- ▶ Because government is always involved, there is rent-seeking and lobbying
 - ▶ US has six healthcare lobbyists for each member of Congress

Price controls, especially for pharmaceuticals

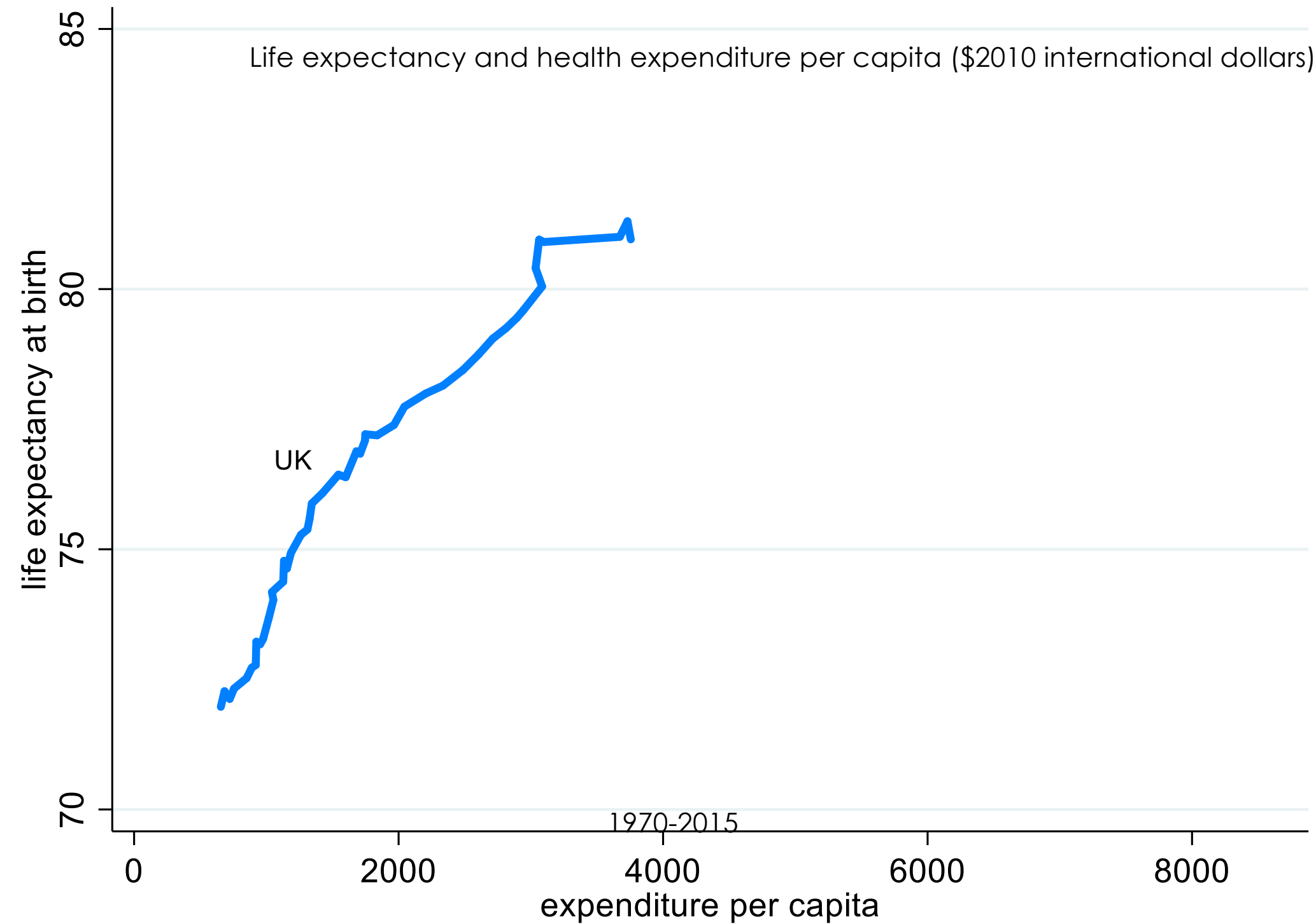
- ▶ NICE and QALYS
- ▶ Ozempic pricing: Novo Nordisk lowers price to the point where it meets the QALY cutoff
 - ▶ Pharma lobbyists in the US do everything to avoid such rules: “death panels” and the like
- ▶ Govts can certainly exclude
- ▶ But they can also have good effects on price
- ▶ Colombia is not central in choking off innovation, but can set its prices
 - ▶ Dangerous not to
- ▶ US is not in this position

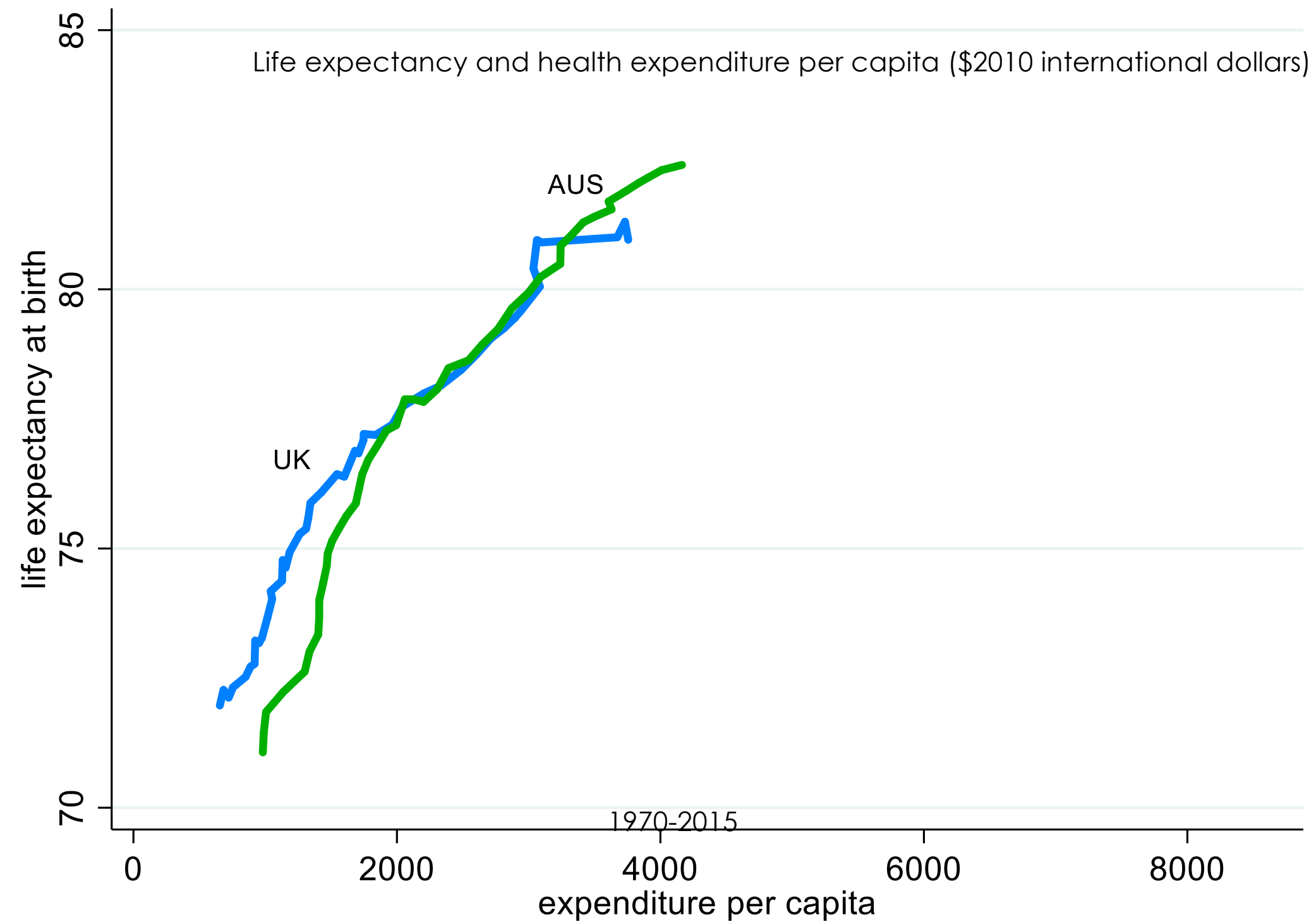
Life expectancy at birth

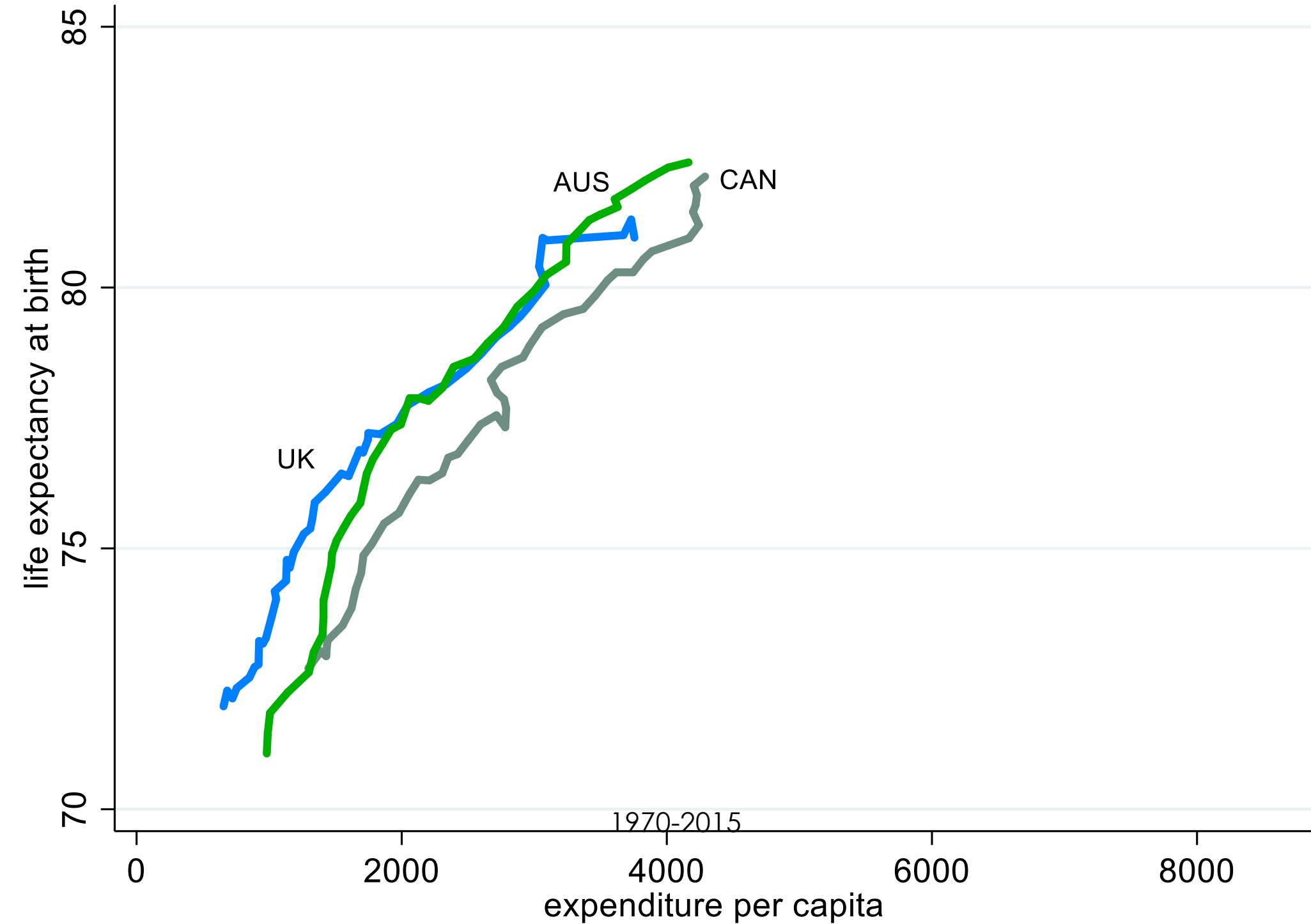


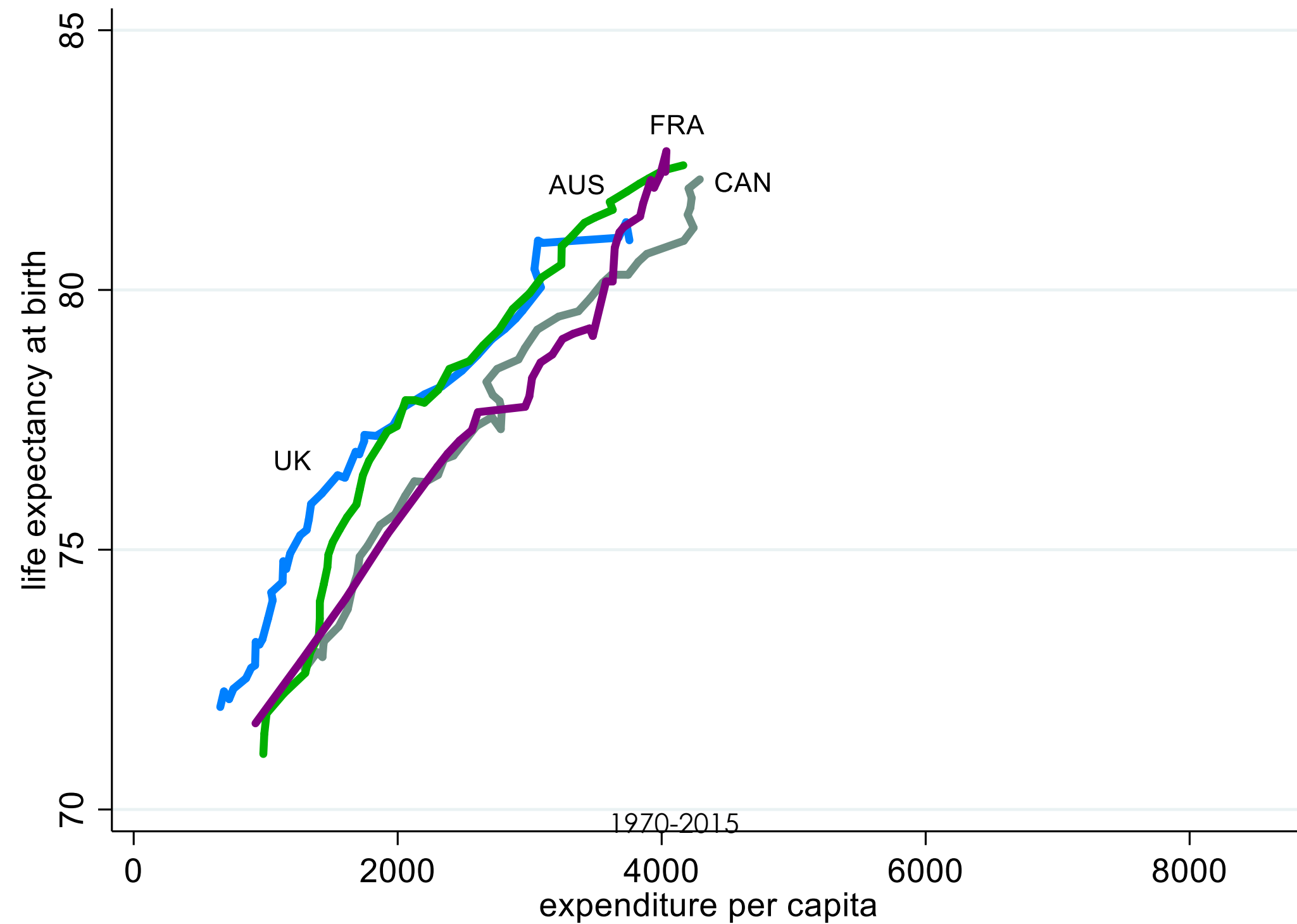
Convergence in life expectancy

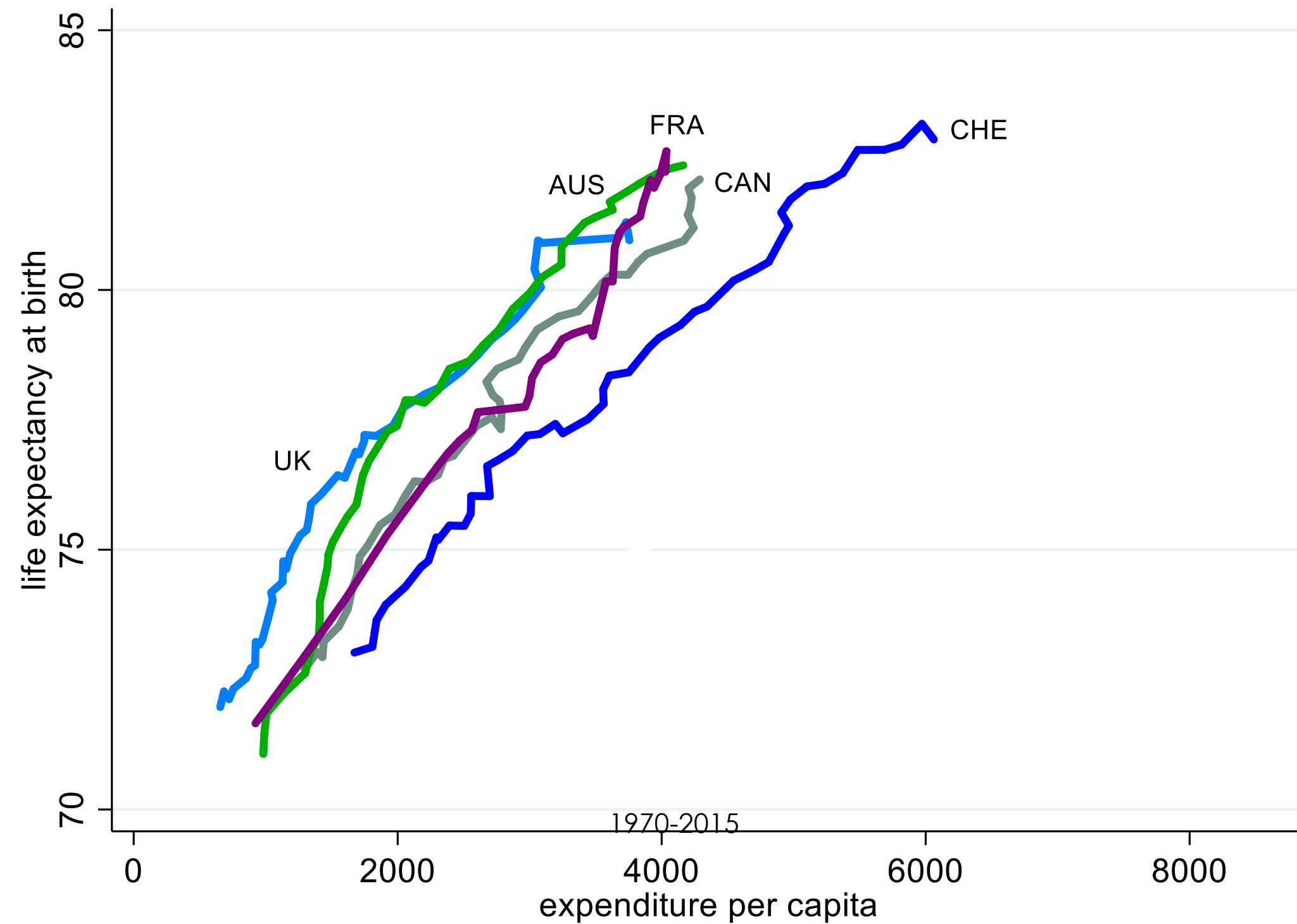
- ▶ Child mortality rates have a disproportionate effect on life expectancy
 - ▶ If you save a child, you get many more years
- ▶ So, convergence is in part because bigger decrease in child and infant mortality
 - ▶ Colombia from 13 percent in 1960 to 1.3 percent in 2020
 - ▶ USA from 3.0 percent in 1960 to 0.63 percent in 2020
- ▶ But also transmission of technology from one country to another
 - ▶ For adult mortality: heart disease: statins and antihypertensives: cancer and new cancer drugs
 - ▶ Important to not interfere with this transmission of drugs and techniques

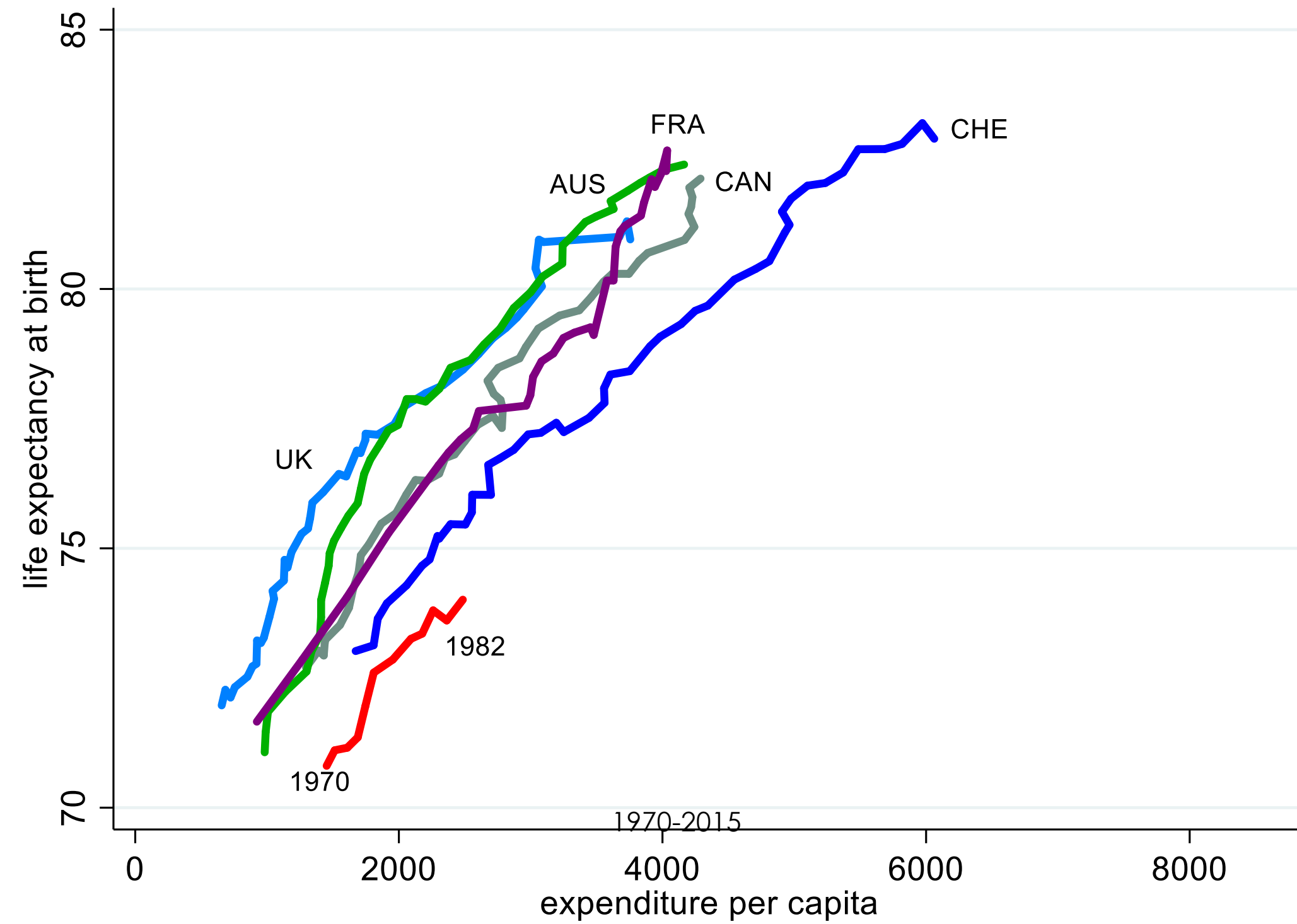


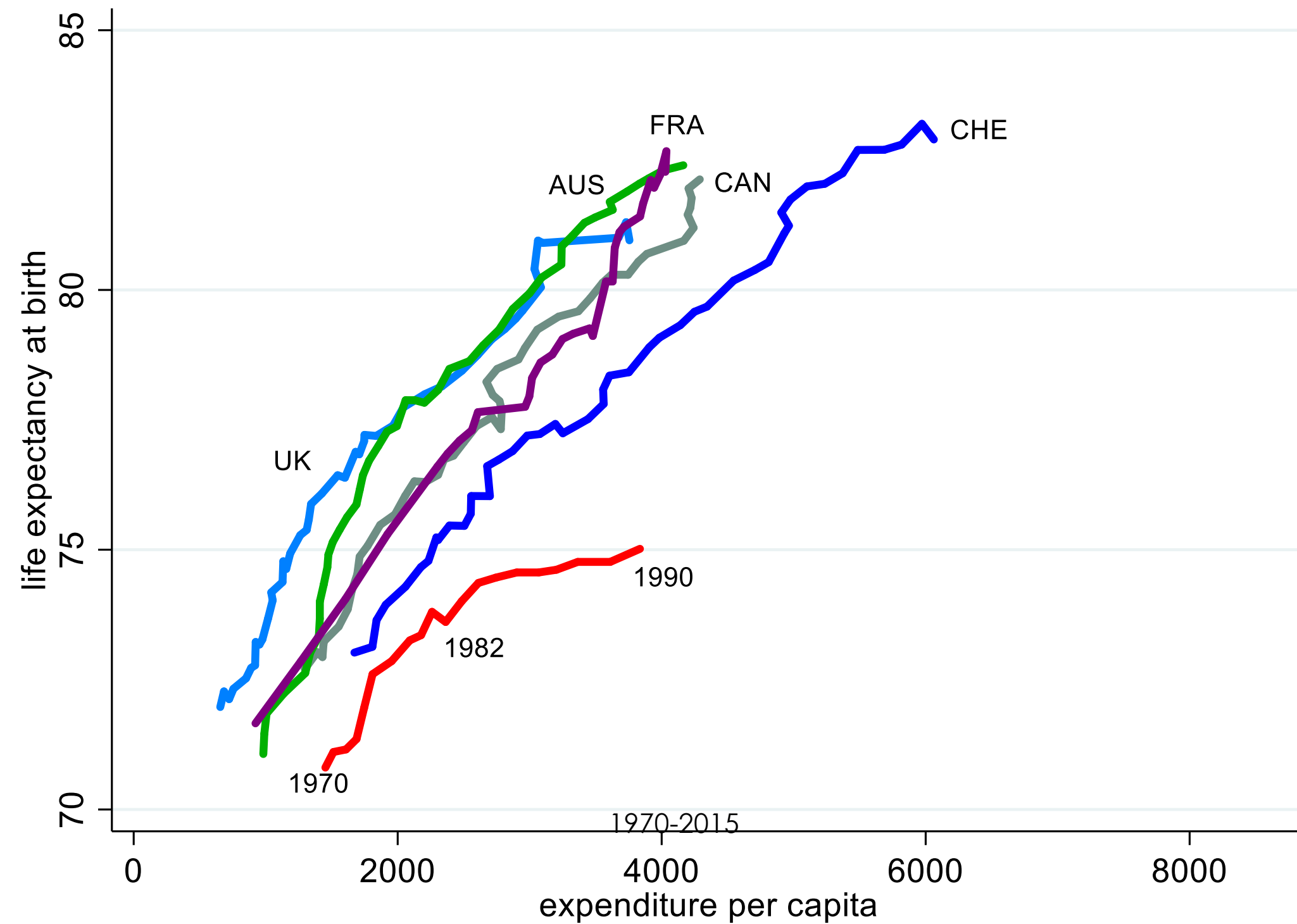


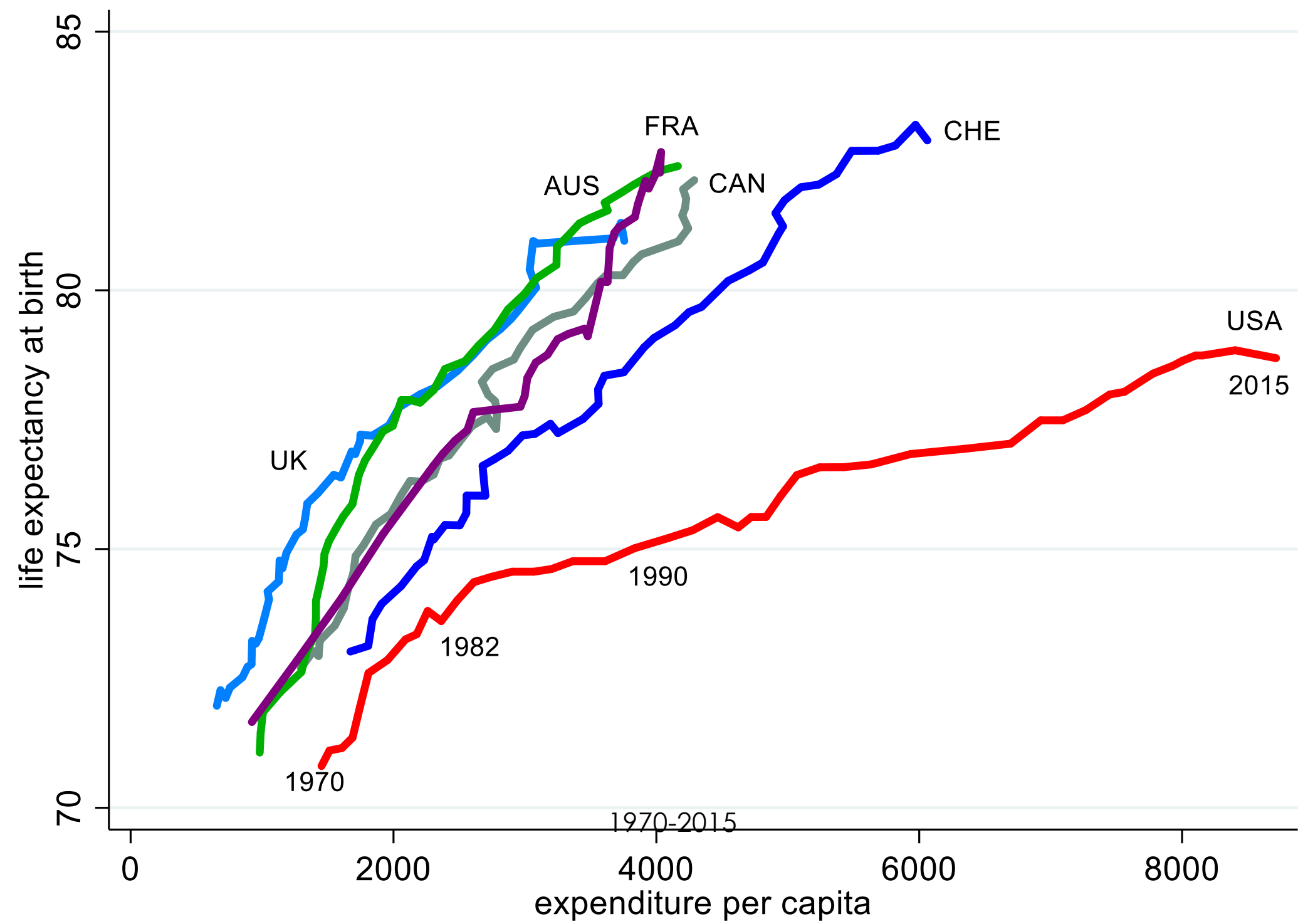






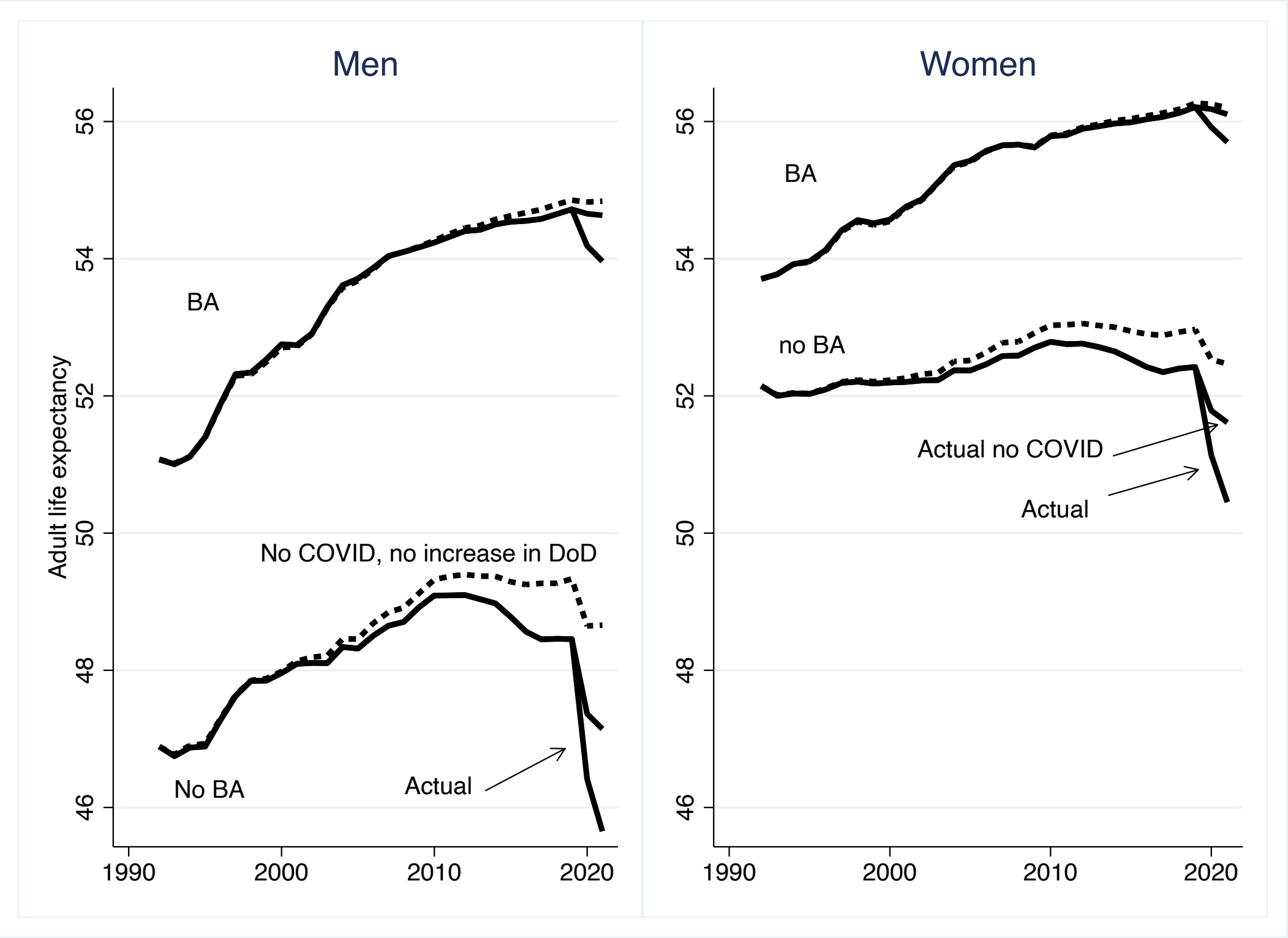




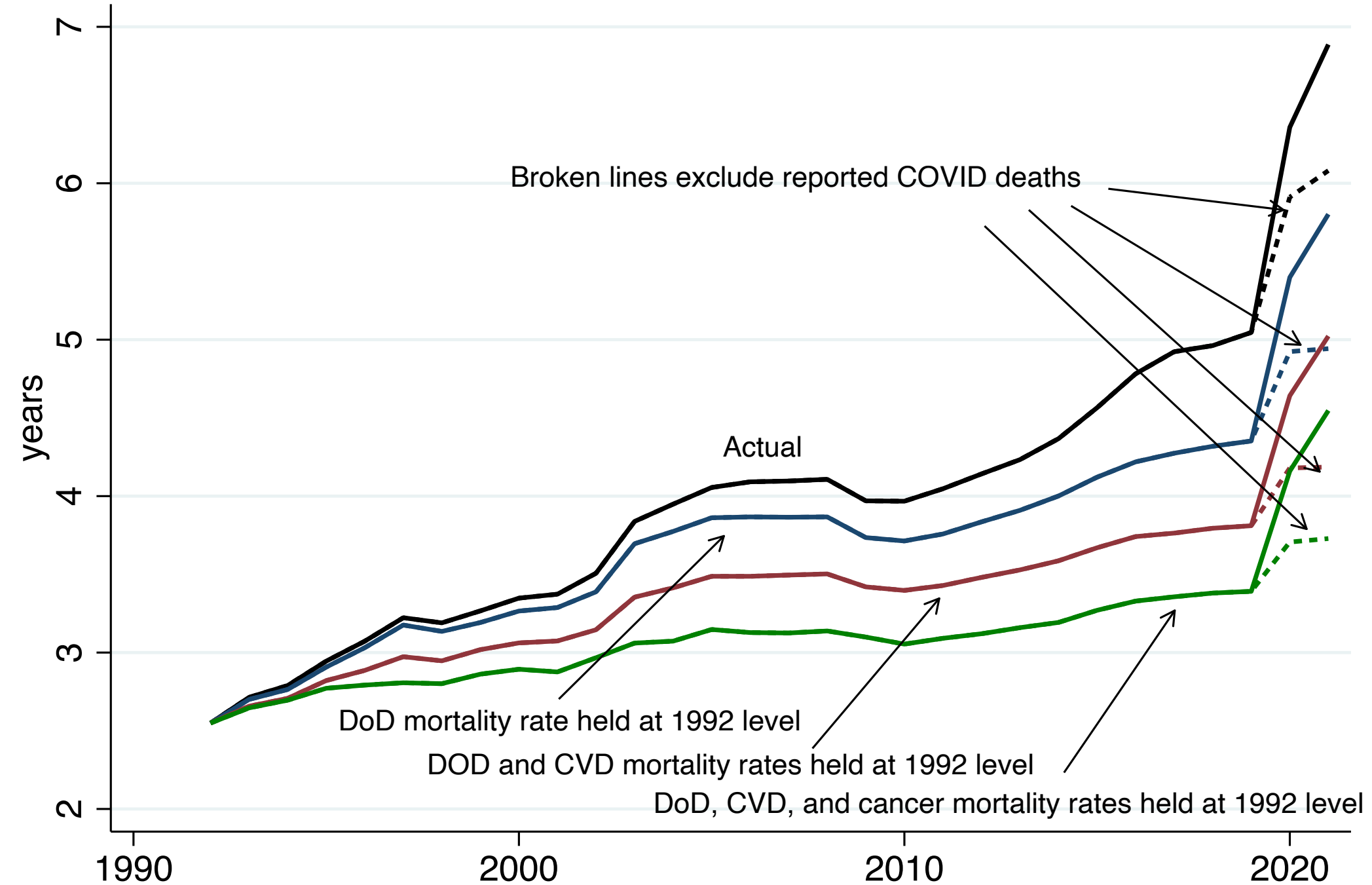


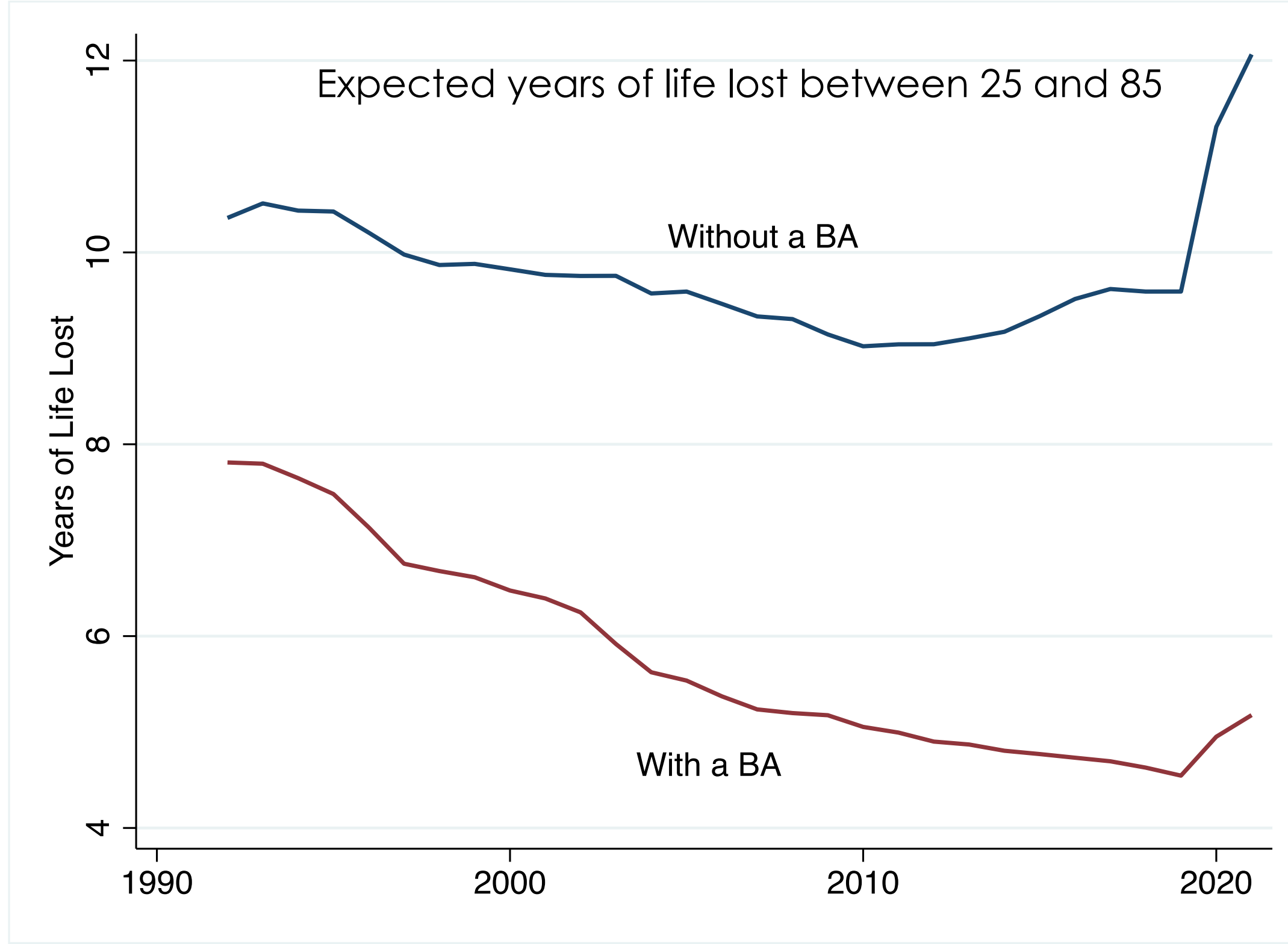
US gone from expensive but normal to an outlier

- ▶ Educational differences in US have become large over time
- ▶ Those with a college degree have IMPROVING life expectancy
- ▶ Those without a college degree have WORSENING life expectancy
- ▶ COVID-19 made things worse
- ▶ But so did “deaths of despair”, deaths from drug overdose, suicide, and alcoholic liver disease
- ▶ As did slowdown in progress against cardiovascular disease, especially among the less educated

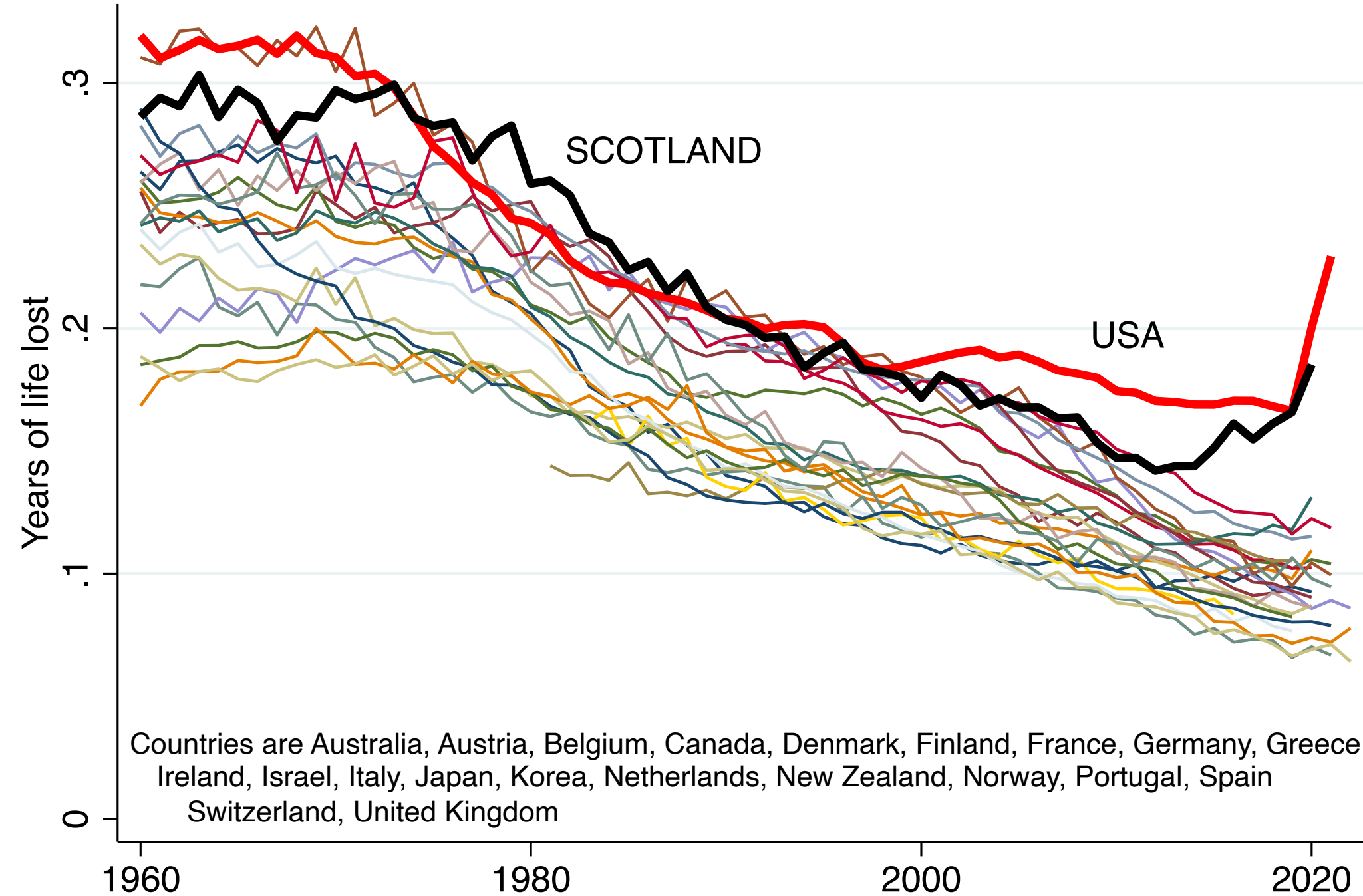


Differences in expected years, BA v none





Expected years of life lost between 45 and 55



Underlying causes

- ▶ Declining labor market for less educated is one key
 - ▶ Lower wages: long-term trend, at least prior to COVID19
 - ▶ Lower participation rates
- ▶ Failing labor market brought social destruction in many forms
 - ▶ Not the jobs or the wages alone
 - ▶ But the social and community structures that they support
 - ▶ Marriages declining, especially for those without a BA
 - ▶ De-institutionalization, like church attendance
 - ▶ Rising pain, difficulty socializing, life intolerable

Stories

- ▶ Globalization and the loss of jobs, and worsening of existing jobs: e.g. fewer unions
 - ▶ New jobs exist, but not for less educated Americans
 - ▶ Much harder to move than it used to be
 - ▶ Multiple earners, high prices in successful cities: NIMBYism is a real problem
 - ▶ Local monopsonies lower wages because people cannot move
- ▶ Made much worse by opioids: pharma firms killed people for profit?
 - ▶ Targeted places where people were in pain
 - ▶ Enormous culpability of pharma their political enablers
 - ▶ But opioid epidemics in history have occurred in times and places of social disarray
 - ▶ Which is why we tend not to assign opioids as primary cause

Turn from labor to capital

- ▶ Corporate profits have risen as a share of GDP
 - ▶ True in other countries too
- ▶ Legal system has become more pro-business
 - ▶ Efficiency seen as justice, ignoring distributional issues
 - ▶ Less attention to monopoly and monopsony
 - ▶ Making it easier for widespread **upward** redistribution
 - ▶ Supreme and Appeals Courts dominated by corporate lawyers

Rising cost of healthcare

- ▶ If you spend 20 percent of GDP on healthcare, you lose a lot of other desirable things
- ▶ You lose control of the Federal budget: almost all the poison in DC around the debt would go if health care costs were controlled, and it is unfixable without healthcare cost control
- ▶ In the US, workers have health insurance at work. The cost is much the same for all workers, no matter whether skilled or unskilled: Colombia, as I understand it, payment is proportional to income, which is better
- ▶ US Firms fire low skilled workers, outsource, and this increases pay inequality and the college wage premium
 - ▶ No “good” jobs for less-educated workers
- ▶ Another force making life worse for less-educated workers

Lessons for the future

- ▶ Control healthcare costs!
- ▶ Not a problem in Colombia now, but there is a constant danger because of its nature, the need for government to be involved, and the risks of rent-seeking
- ▶ Growing realization that we have been too enthusiastic about unfettered markets, nationally and globally, and especially unfettered capital markets
- ▶ Note this is NOT an antimarket statement: just that we need a better balance, and I don't think we know where that balance lies
- ▶ Example: saying that trade makes national income rise is true, but disastrous if we don't think about WHO is made better off
 - ▶ Standard argument is that we can compensate the losers
 - ▶ BUT WE NEVER DO, nor has anyone ever.
 - ▶ So, argument is NOT legitimate, because it hinges on something that is not possible

The post-COVID world

- ▶ Arguments about markets v government are happening around the world and in many fora
 - ▶ Often very sharp disagreements
- ▶ Some backing away from previous market dominant views, even among conservatives
- ▶ US policy in Biden Administration
 - ▶ Especially industrial policy through the IRA
 - ▶ Signs that this is working at least stimulating manufacturing investment
- ▶ Labor markets tight in US post-COVID and even less-educated doing well
- ▶ Is this a permanent change? Possible, but similar things have happened before, so we don't know
- ▶ Internal politics is a threat to progress everywhere, including internationally