Boomers in Transition: 
THE FUTURE OF AGING AND HEALTH
ACKNOWLEDGMENTS

Authors: Susannah Kirsch and Lyn Jeffery
Contributors: Mary Cain, Rod Falcon, Jane Sarasohn-Kahn, Andrea Saveri, Leah Spalding, and Kathi Vian
Peer Reviewers: Mary Cain, Jane Sarasohn-Kahn, and Bern Shen
Editor: Maureen Davis
Copy Editor: Pete Shanks
Art Direction: Jean Hagan
Production and Graphic Design: Adrianna Aranda and Robin Bogott

Many thanks to the individuals across the country who welcomed us into their homes and shared intimate life experiences with us. Without their openness, this research could not have been done. Thanks also to the numerous experts, both within IFTF and from the broader health and health care industry, whose insights and curiosity have informed this research.

© 2003 Institute for the Future. All rights reserved. This report is proprietary to members of the Institute for the Future’s Health Horizons Program. Reproduction is prohibited without written permission.
# Table of Contents

List of Figures and Tables  
Executive Summary  
Introduction  

Chapter 1  
Setting the Context  

Chapter 2  
Boomers and Transitions  

Chapter 3  
Shifts in the Nature of Aging  

Chapter 4  
From Physical Health to Physical + Mental + Spiritual Health  

Chapter 5  
From Aging Within the System to Engaging the System and Beyond  

Chapter 6  
From Local Networks to Information-Rich Community Networks  

Chapter 7  
Future Strategies  

Chapter 8  
Implications for Health and Health Care  

Appendix A  
Transition Strategies and Consumer Segmentation  

Appendix B  
Aging Populations Challenge Nations Across the Globe
LIST OF FIGURES AND TABLES

Table  E-1  Three Key Shifts in the Nature of Aging  
Figure  E-1  Boomers’ Strategies for Dealing with Transitions: 2003  
Figure  I-1  First Baby Boomers Will Reach “Senior” Status in 2011  
Figure  1-1  Boomers Are Well Educated  
Table  1-1  Greater Diversity of Types of American Households  
Figure  1-2  Most Boomers Plan to Work After Retirement  
Figure  1-3  Out-of-Pocket Spending on Health Care Will Increase for Seniors  
Figure  2-1  Transitions Happen in Three Phases  
Figure  2-2  Boomers Are Managing Multiple Transitions Today  
Table  3-1  Three Key Shifts in the Nature of Aging  
Figure  3-1  Boomers’ Strategies for Dealing with Transitions: 2003  
Figure  5-1  Ranks of Engaged Health Consumers Will Grow to 41 Percent  
Figure  6-1  The Shrinking Pool of Potential Caregivers  
Figure  8-1  A Growing Gap in Geriatric Care  
Table  A-1  Boomer Segmentation Schemes  
Figure  B-1  Rising Life Expectancy  
Table  B-1  Some Nations Are More Vulnerable to the Downside of an Aging Population
In the next decade, baby boomers—the 77 million Americans born between 1946 and 1964—will establish a new concept of health as they age and begin to join the ranks of the American elderly. They will challenge the formal health care system, boosting the coffers of companies that can extend the market for health with alternative forms of care and new types of health-related products and services. Boomers will present the health and health care industry with two formidable challenges: First, their sheer number and the costs of providing them care will stretch the system and force it to develop creative ways to handle the volume and diversity of their needs; and second, boomers’ distinct attitudes toward health, care, and healing (which are different from those of today’s seniors), will create new threats and opportunities in the health market. The choices that health and health care industry players make now about how to prepare for the demands and expectations of aging baby boomers will shape their long-term success.

How will boomers define health and aging differently than today’s seniors? And how will they deal with chronic and acute health issues in light of their expectations of an active and productive “older” life? To answer these questions, we conducted a series of in-depth, ethnographic interviews with a diverse group of boomers residing in and around Boston, Massachusetts, Manhattan, Kansas, San Francisco, California, and Washington, D.C. The interviews focused on how boomers are dealing with the life transitions they are facing today. By examining boomers’ responses to the transitions of middle age today, we were able to find clues as to how they will deal with growing older and changes in their health in the future.
Specifically, analysis of the interviews pointed to three shifts in the nature of aging and a set of strategies that boomers are employing today that support these shifts (see Table E–1 and Figure E–1). Understanding these strategies is important because each one is an indicator of emerging health consumer needs, behaviors, and practices—all of which can stimulate new markets and new product and service opportunities in the future.

Using the shifts in the nature of aging that are underway and current boomer strategies as our basis, we are able to forecast strategies that boomers are likely to employ in the future to the inevitable transitions of aging.

- Boomers will view the aging body as a new frontier.
- Aging boomers will engage in “personal rationing.”
- Boomers will create health-focused communities.
- Boomers will “project manage” aging.

**MAJOR BUSINESS IMPLICATIONS**

A number of business implications emerged from our research on boomers in transition. These implications are essential for businesses and organizations serving boomers’ health and health care needs to consider.

Boomers will want more than they can afford:
Businesses that can help negotiate the gap will win trust and market share.

The question “Who pays?” will haunt policymakers, providers, payers, and consumers alike over the coming decade. Boomers will want it all, but they won’t be able to pay for it all. Declining retiree benefits, increased cost shifting to consumers, inadequate savings rates, an insecure financial future for public programs like Medicare, increased costs of health care, and the continued introduction of new health technologies, procedures, and treatments will all lead to a mismatch between limited financial resources and seemingly unlimited options for boomers. Boomers will be required to make difficult choices in allocating their health resources in this environment—de facto health care rationing. These choices may not always be rational from a strictly medical viewpoint, so understanding other values boomers bring to these choices will be key for health-related organizations and businesses.
Table E–1
Three Key Shifts in the Nature of Aging

<table>
<thead>
<tr>
<th>From ...</th>
<th>To ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical health</td>
<td>Physical + mental + spiritual health</td>
</tr>
<tr>
<td>Aging within the system</td>
<td>Engaging the system and beyond</td>
</tr>
<tr>
<td>Local networks</td>
<td>Information-rich community networks</td>
</tr>
</tbody>
</table>

Source: Institute for the Future

Figure E–1
Boomers’ Strategies for Dealing with Transitions: 2003

Source: Institute for the Future
Boomers will set a new bar for health and aging information: Companies that differentiate themselves will have a competitive advantage.

As a generation, boomers have long been identified as a well-educated cohort that is hungry for information. This as much as any other factor will redefine how the new seniors will interact with health and health care. It won’t be enough to provide unfiltered and undifferentiated information; elderly boomers will demand useful information that supports the strategies they employ to manage transitions, and that applies to their immediate needs and concerns. Health care companies and organizations will have every incentive to do this well; providing relevant and targeted information to help boomers make decisions will reduce the costs and liabilities associated with those decisions. Getting the right information to the right person at the right time and ensuring that the information is understood will be critical.

Not all boomers are alike: The fragmenting boomer market will re-shape health and health care.

As with any generational cohort, the boomer market is comprised of numerous needs, personalities, values, and behaviors that distinguish individuals from one another. Already a more diverse group than today’s seniors in terms of ethnicity, household composition, and lifestyle choice, as boomers age they will become more fragmented as health consumers. For example, boomers will be more demanding and sophisticated users of information, but their access to information, ability to act on it, and preferred modes of integrating it into their personal health ecologies will vary. Further market fragmentation will occur along significant dimensions such as the ability to pay, savings rates, health behaviors, and genomic profiles. The result? A more diverse set of decision-making practices, information practices, and strategies for managing transitions. Like businesses that serve the larger consumer market, health and health care will have to figure out innovative ways of understanding health care needs from a consumer point of view. Look to giants like Procter & Gamble that are skilled at understanding consumers for new ways to move beyond traditional segmentation.
Get ready for the new challenge of geriatric mental health: a bigger problem, a bigger deal for tomorrow’s seniors.

We know that individuals experience more depression as they age and their social roles decline. A recent epidemiological study by Ronald Kessler suggests that as boomers age they will bring this problem to new heights: they, and cohorts younger than them, have approximately double the lifetime probability of a mental health event than people who are currently 60 years and older. Though this phenomenon is not easily explained, it could be due, in part, to increases in mental health disorders cross-nationally,\(^1\) to research that has led to more discrimination between mental disorders and “normal” aging, and to younger populations’ increased comfort identifying and reporting symptoms. For example, a 1996 survey conducted by the National Mental Health Association revealed that signs of depression are mentioned more frequently by people under age 65 than people aged 65 and over. Even if this higher rate of reporting in the younger population is partly related to greater comfort with talking about mental health issues, the implications are far-reaching. As mental health becomes less stigmatized and more frankly addressed as a central health and workplace concern, boomers will expect the health care system to expand services in this area. Mental health will no longer be a sideline issue for health care providers to consider. Hospitals, health plans, and providers are going to be confronting geriatric mental health challenges in every area of their work with the boomers, and it will be critical to develop systems that address boomers’ mental health needs.

---

**Endnotes**

In the next decade, baby boomers—the 77 million Americans born between 1946 and 1964—will establish a new concept of health as they age and become America’s senior citizens. They will challenge the formal health care system to serve them better, and successful companies will be those that can extend the market for health with alternative forms of care and new types of health-related products and services. Boomers will present the health and health care industry with two formidable challenges: First, their sheer number and the costs of providing them care will stretch the system and force it to develop creative ways to handle the volume and diversity of their needs (see Figure I–1); and second, boomers’ distinct attitudes toward health and health care will create new threats and opportunities in the health market. The choices that health and health care industry players make now about how to prepare for the demands and expectations of aging baby boomers will shape their long-term success.

Figure I–1
First Baby Boomers Will Reach “Senior” Status in 2011
(Millions of people in the United States, by sex and age, 2010)

How will boomers define health differently than today’s seniors? And how will they deal with chronic and acute health issues in light of their expectations of an active and productive “older” life? By examining boomers’ responses to the transitions of middle age today, we can find clues as to how they will deal with growing old in the future.

To study how boomers are dealing with their current life transitions, we conducted a series of in-depth, ethnographic interviews with a diverse group of boomers residing in and around Boston, Massachusetts, Manhattan, Kansas, San Francisco, California, and Washington, D.C. Analysis of these interviews pointed to three shifts in the nature of aging and the set of strategies that boomers are employing today that support these shifts. Understanding these shifts and strategies is important because each one is an indicator of emerging health consumer needs, behaviors, and practices—all of which can stimulate new markets and new product and service opportunities in the future.

This report, *Boomers in Transition: The Future of Aging and Health* (IFTF SR-812), describes the unique context the boomers will have to age in over the next decade, introduces a framework for understanding boomers in transition, presents a set of broad shifts under way in the nature of aging in America, explores the personal strategies that boomers are using to handle transitions today, examines what the shifts portend for future boomer strategies, and identifies what the shifts and future strategies mean for the health and health care industry.
Several demographic and social drivers, along with trends in the health and health care industry and changes in entitlement programs (such as Medicare) will converge to shape a distinct aging experience for boomers. Out of their unique context, boomers will develop strategies to help them cope with life’s transitions—especially those related to aging and health.

**DEMOGRAPHIC AND SOCIAL DRIVERS**

Over the last 30 years, boomers have been the catalysts for change in a range of social norms and institutions. Since they began to come of age in the mid 1960s, they have been behind a significant increase in the number of households, changed the composition of households through fewer marriages, more divorces, and fewer children, achieved higher education and income levels, worked to expand civil rights for minorities and women, and increased the labor force with their vast numbers and, more importantly, with the addition of more working women, to name just some. In less than ten years, the oldest of the boomers will reach the age of 65, the age currently associated with becoming a “senior citizen.” As they grow older, their unique collection of experiences, resources, and skills will shape how they approach aging. After all, as one interviewee said, “We’re the baby boomers. We’re not supposed to be grown up yet. We ride Harleys and do all that stuff, but we’re not forever young. Right?” Here we outline the major demographic and social factors that will differentiate boomers from the seniors that have come before them.

**Boomers Will Be Wealthier**

The average household income is higher for boomers than it was for previous generations. Between 1970 and 1998, the median income for households in which the wife participated in the paid labor force increased by 32%; the median income growth for households in which the wife did not was 1%. This largely reflects changes in family behavior—increased labor force participation by married women and declining family sizes—rather than increases in wages. Income is a strong predictor for health status; it is expected that the overall high quality of life that the boomers have experienced will translate into longer lives with less illness and also give them the choice to spend more out of pocket on “non-essential” health products and treatments such as cosmetic surgery and alternative care as they age.
Boomers Will Be Better Educated

The baby boom generation is the first that went to college en masse. Indeed, roughly twice as many boomers have college degrees than those over 75 (see Figure 1–1). And their higher education levels have translated to their choice of jobs—the share of those moving into knowledge-based jobs rose from 30 percent of all workers in 1970 to about 45 percent when all the boomers were integrated into the workplace by the 1990s. Higher education levels and more knowledge-intensive work among boomers are defining characteristics for their interactions with social institutions. Most notable is their ability to gather and use information using the skills developed and tools used at work, such as computers and the Internet. Boomers’ use of information helps them to be engaged in the decision-making processes regarding their health care, and to feel in control of their health.

Women’s Attitudes and Expectations Will Be Important

Boomer women transformed work and home over the last 30 years. Many of them postponed childbirth so they could continue their education and careers, extending the average age of a woman’s first birth by nearly three years, from 24.6 to 27.2, between 1970 and 2000. And at the other end of their childbearing years, boomer women are still having children: the birthrate for women aged 40 to 44 increased 81 percent between 1980 and 1995. Because boomer women postponed childbearing and their par-
ents are living longer, they are in the unique position of caring for their
own children, planning for their personal retirement, and caregiving for
their aging parents. Being “sandwiched” between responsibilities for both
generations is shaping boomer women’s attitudes and expectations about
their own aging and is adding a level of stress to their lives that will
result in innovative social arrangements to manage their own aging.

**Boomer Households Will Be Different**

Though we talk about boomers as one large age cohort, boomers are not a
homogenous group. A modicum of increased racial and ethnic diversity
sets boomers apart from their elders, but what really distinguishes this
generation is their diverse set of household arrangements—more
divorces, more second families, and more single-parent families.
Boomers have a higher divorce rate (14.2 percent) than previous genera-
tions (6.7 percent for those 65+). According to the U.S. Census Bureau,
between 1970 and 1994, the share of men and women who had never
married has at least doubled and in some cases tripled for the age groups
between 25 and 44 years. During their lifetime, the number of different
household configurations has expanded, and non-family households have
grown significantly between 1970 and 2000 (see Table 1–1). This shift in
household configuration is important for boomers as they age because it
means they will have a different set of family resources to draw on to
manage health transitions than their parents did.

| Table 1–1 |
| Greater Diversity of Types of American Households  |
| (Distribution of U.S. households by type, in millions) |

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Family households</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married couples without children</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Married couples with own children</td>
<td>40</td>
<td>24</td>
</tr>
<tr>
<td>Other family households</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td><strong>Non-family households</strong></td>
<td>19</td>
<td>31</td>
</tr>
<tr>
<td>Women living alone</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Men living alone</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Other non-family</td>
<td>2</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau
**Boomers Will Redefine the Mature Workforce**

Boomers have largely determined the size and age composition of the American labor force for the last 30 years. As they age, they will shift the median age of the labor force up from 38.7 in 1998 to 40.7 in 2008.\(^2\) They will redefine retirement both because of the way they think about work in their lives, and because of their sheer numbers in the population.

Both men and women plan to work later into their lives: According to a 1999 AARP study, 8 out of 10 boomers plan to work beyond the traditional age of retirement (65); a 2002 AARP study of people 45 and older suggests that they will not work full-time (see Figure 1–2). Many will balance their continued work involvement with other personally satisfying activities, such as volunteering, taking classes, or travel and leisure. In addition to simple desire to work and financial need, factors unique to boomers, compared with previous generations, that are driving extended labor force participation include delay in age-related disabilities, the recent increase in the age at which people can collect Social Security benefits, and the shift in work toward more information-intensive, less physically demanding forms.

**Personal Responsibility Will Be More Important**

Boomers have come of age in a time when personal responsibility and personal choice are powerful mantras reflected in policy, business, and daily life. As part of this, boomers have been instrumental in the rise of three important movements that will transform the way boomers age: the self-help, exercise, and natural food movements.

---

**Figure 1–2**

*Most Boomers Plan to Work After Retirement (Percent of respondents 45 years and older with … as a plan for retirement years)*

<table>
<thead>
<tr>
<th>Plan Description</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work part-time for interest or enjoyment</td>
<td>30</td>
</tr>
<tr>
<td>Work part-time for the income</td>
<td>25</td>
</tr>
<tr>
<td>Start own business</td>
<td>20</td>
</tr>
<tr>
<td>Retire from current job but work full-time doing</td>
<td>15</td>
</tr>
<tr>
<td>something else</td>
<td></td>
</tr>
<tr>
<td>Not work at all</td>
<td>10</td>
</tr>
</tbody>
</table>

“Self-help” is an unwieldy category of practices, literature, and products that is both an industry and a movement. Americans have consumed “success literature” since colonial times, but in the last 25 years the country has witnessed an unprecedented explosion of self-help in nearly every category of daily life. The self-help industry was estimated to be $5.7 billion in 2001 and is forecast to grow to $7.8 billion through 2006, according to MarketData. As a result, boomers’ core values are heavily influenced by self-help advice in pop psychology, addiction recovery, business success, and family life. In the future, the effect of the self-help movement on boomers as they age will be two-fold: Some boomers will see themselves as an instrumental force in shaping the ways they experience transitions in their lives, evidenced in higher levels of health engagement than their elders; and they will be seeking tools (such as books, strategies, and new social organizations) to help them do this.

Unlike their parents, boomers have grown up in the age of “personal” fitness. In the 1960s, President Kennedy led a nationwide campaign around the newly expanded President’s Council on Physical Fitness; in the 1970s boomers joined the millions who began to do “aerobics” (a new practice at the time); in the 1980s they bought Jane Fonda’s exercise videos, joined gyms, and trained for triathlons; in the 1990s they began to adopt a wider range of exercise activities such as rock climbing and less impact-oriented exercises like yoga and pilates, which have grown 95 percent between 1998 and 2002 and 92 percent from 2001 to 2002, respectively. Throughout their lives, boomers have heard that exercise promotes health, and is this one area where they can take control and affect health conditions.

Boomers have been the driving force behind the last 25 years of growth in the health food industry, including vitamins, organic food, and vegetarian practices. While health food is nothing new in the United States, the category experienced an unprecedented revival with 1960s hippies, when it was also connected to a growing environmental movement. Both movements were originally an expression of consumers’ desire to make conscious choices and exert greater control over factors influencing their health. Fast forward to 2003 and find a $12–16 billion organic food market that is growing by more than 20 percent a year with a median consumer age of 46, and the mainstreaming of what were once fringe dietary practices—all driven by aging boomers.

**Increased Awareness of the Importance of Mental Health**

The baby boom generation is the first to grow up with an awareness of the importance of mental health to their overall health. In their lifetimes, psychological concepts have been mainstreamed, depression has come out of the closet, and anti-depressants like Prozac are being marketed
directly to consumers. In 1999, Surgeon General David Satcher released a report on mental health, hoping to reduce the stigma of mental illness, and increase access to care, while simultaneously acknowledging mental health as a major health issue in the United States. Today 5–10 percent of adults 65 and older experience major depression and men 65 and older have the highest rate of suicide in the nation. Americans 65 and older accounted for about 13 percent of the population but almost 20 percent of all suicides in 1997. As they age, baby boomers will exert more pressure on the mental and behavioral health care system: They are more familiar with mental health issues, and providers will be pressured by consumers to diagnose and treat depression more effectively.

**Boomers Will Leverage New Media**

Boomers were the first generation to grow up with television and will be the first to age with the abundant connectivity of the Internet, cell phones, and other wireless and mobile applications. At work, they experienced technologies like the PC, e-mail, and the Internet on a large scale, and over the last two decades they have carried the notion of information work and management into their personal lives. For example, according to a 2001 Nielsen Home Technology Report, 69 percent of boomers have access to the Internet at home. Moreover, online boomers surf the Internet more and stay there longer than any other age group. As Ken Dychtwald notes, as boomers age they will have even more time to explore all forms of media. This suggests that the introduction of health-related communications technologies to boomers as they age will be easier than it has been to introduce similar technologies to previous generations.

**HEALTH INDUSTRY TRENDS**

Basic health industry trends, including those related to cost control and new technologies, will affect the baby boomer market as they age. These trends paint a picture of an industry straining to manage the introduction of new technologies, meet consumer demand, and contain costs, while also meeting a massive increase in demand and utilization due to the size of the boomer generation over the next decade.

**New Technologies Will Increase Costs**

New health technologies (including treatments, diagnostics, pharmaceuticals, devices, information systems, and so forth) will continue to increase overall health care costs for payers. In response, health policymakers will seek to integrate the cost and effectiveness of treatments in overall approval strategies as well as in reimbursement decisions, driven in part by emerging analytic information technologies. This will likely limit boomers’ access to some new health technologies as they age, which will rally boomer advocacy groups to lobby against such decisions.
Costs Will Shift to Consumers

Costs will increasingly shift to consumers. Boomers will be particularly hard-hit since their out-of-pocket health care costs are forecasted to be nearly 30 percent of their household expenditures by 2025 (compared with under 20 percent for those currently 65+) for those in traditional Medicare. This is part of a broad health care trend of shifting costs to consumers, with the ultimate goal of bringing consumers closer to the real costs of health care. Simultaneous to cost-shifting will be increased tiering of benefits, which will force boomers to choose how much they are willing to pay.

Provider Specialization Will Increase

Health care delivery will become more specialized and providers will deliver care in a more narrow area of expertise in some specialty areas (think hospitalists, intensivists, clinical nurse specialists, a new role for pharmacists, and so forth). The underlying rationale for increased specialization of some providers is to maximize provider efficiency by matching patients and providers according to their respective needs and skills. This will make care for boomers more targeted, but will also require new systems to achieve continuity of care among care settings.

Payers Will Rely on Consumers More

Plans and employer-purchasers will provide information to consumers to help them manage their health, and boomers (and all consumers) will be expected to play an active role in managing their health. Information and health-decision support tools are some of the ways that payers will try to help boomers make health-related decisions and take on more personal responsibility for their health care.

ENTITLEMENT PROGRAMS WILL ADAPT

Between now and 2011, when leading-edge boomers reach 65 and become eligible for Medicare or Medicaid and some Social Security benefits, there will be growing pressure to reform these programs to meet the anticipated needs of a much larger senior population. Increasing costs will be the driving force for reforms from both the payer and consumer perspective. The United States is not alone; developed nations across the globe are grappling with how to support their aging populations through public programs. (For more on how aging populations will affect other countries around the world, see Appendix B, “Aging Populations Challenge Nations Across the Globe.”)

As already mentioned in the previous section on health industry trends, payers will be looking to shift increasing costs to consumers—this

Health industry trends paint a picture of an industry straining to manage the introduction of new technologies, meet consumer demand, and contain costs, while also meeting a massive increase in demand due to the size of the boomer generation.
includes Medicare and Medicaid. On the consumer side, health care, at about 20% of income for those 65 and older, is one of the biggest household expenditures for people of retirement age. Over the next decade, with cost-shifting and new drugs and expensive technologies being developed, health care spending by older adults will increase. Indeed, research conducted by the Employee Benefit Research Institute found that a worker who is now 55 and plans to retire in ten years would need savings of $347,000 at retirement just to cover their health insurance premium and supplemental Medicare coverage until they reach the age of 80. And if no changes are made to the Medicare system, out-of-pocket spending for a typical Medicare recipient will increase from 20% of income in 2000 to nearly 30% in 2025 (see Figure 1–3). Facing these kinds of financial burdens, boomers will be looking to the entitlement programs to provide top-quality health care—within their budgets.

The three major entitlement programs—Medicare, Medicaid, and Social Security—will have to adapt in the future. While reform typically comes very slowly to large government programs, two major trends will drive change in the next decade: the looming increase in the number of beneficiaries as the boomers approach retirement age, and a well-educated, wealthy, and activist generation of boomers demanding change to ensure they receive top-quality health care benefits in their senior years. The three programs will change over the next decade, though reforms will come in piecemeal fashion.

Figure 1–3
Out-of-Pocket Spending on Health Care Will Increase for Seniors
(Percent share of income spent out of pocket on health care for typical recipient in traditional Medicare program)

Medicare

Medicare is the most important social program when discussing the future of health care for boomers and will be the focus of most reform efforts. In 2002, total Medicare spending was $252 billion, accounting for 19 percent of all personal health care spending, based on Center for Medicare and Medicaid Services (CMS) estimates. CMS estimates that Medicare will continue to grow at about 6 percent annually until 2011; it is expected that thereafter growth will accelerate rapidly as baby boomers begin to turn 65 and collect benefits. The central question in policy debates will be how to provide benefits in an environment of increasing demand and increasing use of technology, without bankrupting the health insurance trust fund for Medicare.

Medicaid

The already-strapped Medicaid program will also be under scrutiny as the baby boomers age. In contrast to Medicare, which is funded at the federal level and available to all American citizens 65 and over, Medicaid is run at the state level and provides health insurance for the poor and disabled. Medicaid (or its successor) will be the safety net for the poor elderly. The ranks of the uninsured will continue to increase, despite incremental solutions that have expanded health coverage to vulnerable populations. Efforts to restructure Medicare will likely be reflected in Medicaid, as well. To provide for the needs of the poor elderly it is probable that Medicaid policymakers will try to incrementally fragment its offerings to provide more customized coverage for its diverse beneficiaries, but this will create conflict among stakeholders.

Social Security

Social Security will also be under significant pressure to reform. The successful entitlement program initiated to bring the elderly out of poverty has become a primary source of income for many older Americans. Many members of the baby boom generation are hopeful but not confident that they can, at least in part, rely on Social Security benefits in the future to help fund their health care needs.

Likely Areas of Reform

The restructuring of Medicare, Medicaid, and Social Security to provide services to the baby boomers will be an important but not fully addressed issue for the next few years. But, as 2011 looms and baby boomers near eligibility age, we anticipate significant policy debate around issues such as prescription drug benefits, reimbursement for new technologies, mental health benefits, evidence-based referrals, risk pooling and adjustment, and tiered health benefits.
Specifically, pressure for Congress to finance a Medicare prescription drug benefit will take policymakers away from a comprehensive, system-wide approach to Medicare reform. Reforms will be piecemeal, targeting the poorest of seniors. Programs rewarding health care providers on the basis of quality of care and disease management for costly chronic conditions will also be pieces of the reform puzzle. But until legislators are willing to wrestle with the overarching challenge of the Medicare financing model, reforms will continue to come about piece-by-piece.

In the longer term, after 2010 new models are likely to emerge, driven by the need to balance baby boomers’ demand for secure health benefits as they turn 65 with the financial challenges of providing health and health care services to a growing senior population. The emphasis will be on more private funding—a major challenge, culturally and fiscally, for boomers, who have enjoyed living large on credit. Higher income elderly—which means many boomers—will no doubt be asked to contribute more for their health care than those in lower income groups. Savvy and

1. SETTING THE CONTEXT

A TOUGH FINANCIAL FUTURE FOR MEDICARE

In the Medicare Trustees 2003 annual report, Medicare’s Hospital Insurance Trust Fund was projected to be exhausted in 2026, four years earlier than estimated in the 2002 report. Medicare is comprised of Part A, the Hospital Insurance Trust Fund, and Part B, Supplemental Medical Insurance. Solvency has been compromised as medical costs have risen and revenue from payroll taxes has declined. As of June 2003, if no changes are made to the program, by 2030, Medicare alone will require more than 21 percent of all federal income tax revenues. When coupled with the transfers to pay currently scheduled Social Security benefits, total transfers of general revenues to keep these programs intact will require more than 35 percent of federal income tax revenues in 2030.

The Medicare cash flow scenario is likely to worsen due to the following critical factors:

- A dwindling labor force. Today, there are four workers for every Medicare Part A beneficiary. By 2026, there will be only 2.5 workers for every beneficiary. Since Medicare is financed through cross-subsidies from workers to the retired, the fiscal burden on those in the labor force will be enormous.

- More older people consuming more health care. Individuals aged 65 and older use more prescription drugs than any other age group. In 2000, older Americans consumed 30 percent of all prescriptions dispensed in the United States. By 2010, overall annual per capita spending on drugs for the elderly is projected to reach $2,810, a 133 percent increase over 2000. Per-beneficiary overall health spending is projected to increase 76 percent to an annual figure of $21,149 by 2010.
activist boomers will lobby hard against such shifts and against reforms that limit access to new drugs and technologies. (For greater detail, see “A Tough Financial Future for Medicare.”)

THE RESULT: A NEW WAY TO AGE

The social, health industry, and political context that will shape the boomers’ experience of aging is quite different than that of their parents’ generation. They will be wealthier and better educated, have a different set of family and social resources to lean on, be armed with information and sophisticated knowledge about how to work to bring about desired changes, face increasing health care costs and new responsibilities related to managing their health, and actively demand reform from government programs and providers. Given this completely different context for getting old, how will boomers negotiate aging and how are they going to transform health and health care as they do it? In the next chapter, we explore a framework for understanding these questions.

• Boomers will demand technological advances. Adding to health care costs will be the ongoing development of new medical technologies that will keep boomers healthy and manage their growing lists of chronic conditions. Medicare continues to wrestle with how to support medical innovation and foster appropriate (cost-effective and not cost-increasing) new technologies.

Behind these statistics lies a complex political landscape wherein baby boomers, health care companies (especially health plans and pharmaceutical companies), legislators, and special interest groups will vie for power positions in the Medicare debate. Finally, Medicare doesn’t exist in a budgetary vacuum. Both foreign and domestic issues will require substantial attention and expenditure. What will happen to Medicare and its prospects for reform?

The Perfect Storm

The struggle between entitlements, the macroeconomics of the federal government, and the microeconomics of boomer households paints the forecast for a perfect storm for health care financing for aging boomers. Expect to see the baby boomers’ needs and demands shape policy in full force as they pressure the federal government to provide the health benefits they have come to expect since their early days of activism when Medicare was first passed as an entitlement. Populist pressure for some form of universal health coverage will only exacerbate fiscal uncertainties.
1. SETTING THE CONTEXT

Endnotes


Boomers are undoubtedly different from their elders for many reasons, but for all these differences, there are also a number of ways which they are similar. Most fundamentally, they too will struggle with the natural changes in their bodies related to aging, and as these changes occur they will initiate transitions in boomers’ lives.

It’s still too early to know exactly how boomers will respond to the typical ailments of old age: hearing and vision deficits, osteoporosis, arthritis, dementia, heart disease, incontinence, stroke, cancer, and so on, and the larger transitions these ailments initiate. Boomers are not yet “old,” and are not yet major consumers of the health care system, but as the “sandwich generation” responsible for children and aging parents they are already experiencing significant transition and challenge in their lives.

A FRAMEWORK FOR UNDERSTANDING TRANSITIONS

In the words of William Bridges, author of several well-regarded books on the transition process for individuals and organizations, transition is “the process of letting go of the way things used to be and then taking hold of the way they subsequently become.” On the individual level, and a clear example of the kind of transition we studied in boomers’ lives, a 45-year-old woman’s menses become irregular, signaling a change in her fertility. The subsequent transition she will experience through perimenopause and menopause is about her letting go of her fertility and reorienting her identity toward being a post-menopausal woman. Changes and the transitions they initiate can take days, months, or years for individuals to integrate into their lives.
The process of transition happens in three phases (see Figure 2–1). For individuals, it begins with a change, or signal that something is different: the loss of a job, a cancer diagnosis, or the death of a parent, for example. Change launches the individual into the first phase of transition: letting go of the way things have been. Individuals then move into an “in-between” zone often characterized by feelings of confusion and frustration.

The third phase of transition is when the individual integrates the change into his or her life. This begins when a new routine or status quo has been established. People in transition generally move through these phases in fits and starts, across varying periods of time, rather than progressing smoothly from one phase to the next. In addition, individuals often experience multiple transitions at the same time—making managing any one of them even more difficult. However, changes and the transitions they initiate also have their bright sides. Bridges talks about transition as a new beginning. It is a time of opportunity and growth, because loss creates space for new things.

**TODAY’S TRANSITIONS FOR BOOMERS**

Today, middle-aged boomers are experiencing transitions involving their children, their parents, and themselves. During these middle years, boomers are negotiating a dense web of major personal and family transitions, such as their aging parents getting sick or dying, and seeing their children graduate from high school and go to college or get a job (see Figure 2–2).

---

*Figure 2–1  
Transitions Happen in Three Phases*

TRANSITIONS INITIATE A NEW AWARENESS OF HEALTH

Focusing on how boomers deal with transitions is particularly relevant for health and health care, as our research revealed that many transitions initiate a new awareness of health whether or not the transitions are directly health related. The disorienting process of going through a major life transition often leads to a need for a new personal framework in which health plays a central role. This new awareness often includes not just physical aspects of health, but spiritual, mental, and social aspects as well.

Studying the strategies boomers use to manage current transitions allows us to make a plausible forecast of how they will behave when they experience the challenges of getting older in the next decade and beyond. With this assumption as a foundation, we explore the strategies boomers currently employ for managing life transitions, consider the influence of other aging and boomer-related trends, and present a forecast of how boomers will interact with health and health care companies and institutions in the future.

Figure 2–2
Boomers Are Managing Multiple Transitions Today
(Percent of 45–55 year-olds reporting the following in their immediate and extended family within the last year)

Death in the family
Child moved out of home
Family member has had an illness
Individual had a major illness
Lost, started, or changed jobs
Retired
Parents moved into retirement or nursing home
Marriage or divorce

2. BOOMERS AND TRANSITIONS

---

Endnotes

Our research uncovered three shifts in the nature of aging in America, which emerged from our study of the strategies boomers are using today to deal with life’s transitions. The three shifts are outlined in Table 3–1.

The shifts and the strategies that support them are guideposts to the ways boomers will transform health and health care as they age over the next decade and beyond. Here we briefly introduce the shifts and identify the underlying strategies. In the next three chapters, we take a closer look at the three shifts and supporting strategies. And for an explanation of how our research might inform consumer segmentation schemes, please see Appendix A, “Transition Strategies and Consumer Segmentation.”

Table 3–1
Three Key Shifts in the Nature of Aging

<table>
<thead>
<tr>
<th>From …</th>
<th>To …</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical health</td>
<td>Physical + mental + spiritual health</td>
</tr>
<tr>
<td>Aging within the system</td>
<td>Engaging the system and beyond</td>
</tr>
<tr>
<td>Local networks</td>
<td>Information-rich community networks</td>
</tr>
</tbody>
</table>

Source: Institute for the Future
SHIFT ONE:
FROM PHYSICAL HEALTH
TO PHYSICAL + MENTAL + SPIRITUAL HEALTH

The first shift involves an expansion in the way boomers define health—from purely physical health status to a definition that also includes the mental and spiritual aspects of health. Four strategies support this shift (see Figure 3–1).

1. Making health status a personal choice.
2. Transforming illness into an opportunity.
3. Reinventing themselves.
4. Leveraging lifelong learning.

SHIFT TWO:
FROM AGING WITHIN THE SYSTEM
TO ENGAGING THE SYSTEM AND BEYOND

The second shift involves a transformation in how boomers interact with health and health care. Rather than passively accepting recommendations from their providers, boomers are quickly becoming much more active participants in their health care—engaging with the system and even

Figure 3–1

Boomers’ Strategies for Dealing with Transitions: 2003

Source: Institute for the Future
going outside the system to meet their needs when they deem it necessary. There are two boomers’ strategies that support this shift.

1. Engaging with health care.
2. Going outside “the system.”

**SHIFT THREE: FROM LOCAL NETWORKS TO INFORMATION-RICH COMMUNITY NETWORKS**

The third shift involves an expansion of the resources boomers rely on to manage transitions. Rather than simply looking to local institutions and people for support, they are leveraging distant or information-based resources, thanks in large part to ease of travel and communications technologies like the Internet, cell phones, and e-mail. There are two boomer strategies that support this shift.

1. Building community for health.
2. Leveraging information as part of their support network.

**HOW TO THINK ABOUT THE STRATEGIES**

The next three chapters dive deeper into the strategies boomers are currently using to manage a range of life transitions—some of them health related and some of them not. All, however, can give us a glimpse into how boomers are likely to deal with the transitions related to aging and health that lie ahead of them. As we review these strategies, it is important to note the following:

- Not every boomer will use every strategy.
- There is no guarantee that a given strategy will be effective for all individuals.
- Each strategy is comprised of a spectrum of possible activities, from mild to extreme.
- Strategies are indicators of emerging health consumer needs, behaviors, and practices, which will stimulate new markets and new product and service opportunities.
Throughout their lives, boomers have expanded their definition of health status, from a purely physical thing to something that includes mental and spiritual aspects. This shift is driven by the growing awareness of mental health issues throughout their lifetimes so they are now part of the mainstream agenda, and by ways boomers as a generation have changed the spiritual landscape of the United States.

While there remains a significant stigma associated with mental illness, the overall medical and social environment of mental illness has changed dramatically in the last decade. Mental health issues have gone from being hidden and taboo to being part of the common lexicon. Prozac, the prescription anti-depressant drug, really is a household word, and people who had never given much thought to their personal neuro-chemistry are now worrying about their serotonin levels. Clinical researchers increasingly recognize the contribution of mental health to overall and perceived health status, and pharmaceutical companies advertise psychotropic medications directly to consumers. As a result, boomers are going to enter old age with a vastly different sense of the importance of their mental health, and the role it plays in their overall health status, from any previous generation.
The other important driver in the shift toward a broader definition of health status is the boomer-led change in spirituality over the past 20 years. In *A Generation of Seekers* and *Spiritual Marketplace*, religion professor Wade Clark Roof writes about what he calls the “quest culture” of boomers. This “questing” has led to a focus on the individual rather than the institution, an explosion of diverse religious and spiritual practices and groups, and the growth of the self-help industry over the last two decades. As boomers age and face the mortality of their parents and themselves, they are more likely than ever to include spiritual status as part of their overall definition of health status.

**Making Health Status a Personal Choice**

This strategy is about boomers choosing to define their health status for themselves, rather than basing it on a clinical diagnosis alone. Many boomers believe that the mind and attitude influence the body, and that these are not captured in a “traditional” clinical diagnosis. This strategy is distinctly different from that of previous generations, for whom the mind–body connection was more tenuous, if there at all. Boomers who employ this strategy will engage in a range of activities; the common theme among them is that each individual deals with a major transition by framing the health-status component as a matter of personal choice.

For Donald, a 54-year-old, white man living in the Washington, D.C. area, making health status a personal choice was a key strategy in his transition from being a colonel in the U.S. Air Force to being just another civilian looking for work. After a long and successful career in the structured environment of the military, it was difficult for him to find a satisfying new position. He attempted to reinvent himself as a small-business owner, but failed. Increasingly unhappy, he began drinking heavily, became depressed, and eventually attempted suicide. The crisis precipitated a detoxification session in a Veteran’s Administration mental health ward; and it was there that Donald came to develop the strategy of choice in dealing with his transition.

So, it really was a turning point. And then I said, “well, wait a minute, yeah, of course. [It is my] choice to be depressed about the fact that I’m the age that I am. I could choose to worry about it, or I could choose not to.” … I thought to myself, “well, by God, let’s try it.” I’m going to choose to be happy, you know, I’m going to choose to be more upbeat about things.
Making their own health a personal choice is a strategy that helps boomers take control, especially during the most confusing stages of a transition. For example, in the “letting-go” phase, this strategy allowed Donald to let go of his worries about starting a new career at his age, and in the “in-between” zone it helped him gain a measure of strength by realizing he had the power to continue charting his own life course.

Even aging can be dealt with as a matter of choice for some boomers, as Michelle, a single, 47-year-old, African-American accountant from San Francisco, told us.

[My friend] said, “It’s really hard getting old.” And I thought, “But you don’t have to just accept that.” … I didn’t say it out loud because you can’t always put your views on others. … I always try to tell my friends, “You don’t have to be sick. You don’t have to just accept it.” I really think that you can change your health or your mind.

The role of personal choice in determining health status will be intensified in the future by three trends: an increasingly complex health care benefits system that pushes more responsibility on to the individual, an explosion of health products and services in the marketplace, and an information-saturated environment. Changes in health care coverage mean that individual patients will take on more of the decision-making burden for their own treatment, while the rapid increase in health-related information, services, and products in the consumer space presents boomers with an unprecedented array of choices to help them achieve and maintain good health.

**What to Look for in the Future**

- Boomers will be striving to reach a higher bar (including spiritual and mental health) to feel healthy. For example, more elderly boomers will be willing to address mental health issues in their quest to be healthy.

- Given their broad definition of health, boomers will be making some “health” choices that may not improve their clinical health status. For example, some will turn to Botox treatments—injects of the *Botulinum* toxin—to reduce facial wrinkles, which may make them feel better about themselves, and improve their overall mental health.
TRANSFORMING ILLNESS INTO AN OPPORTUNITY

This strategy helps some boomers turn a very challenging situation—such as illness—into a vehicle for positive change. The onset of illness offers the opportunity to let go of old patterns and establish new ones, try new things, or enrich or improve aspects of one’s self or life. This strategy is enhanced by boomers’ use of self-help techniques, their experience of being part of the “quest culture,” and their work skills, which give them the confidence to set priorities and accomplish their goals. As with all of these strategies, the behaviors that boomers engage in will vary widely—from joining disease management groups to starting new exercise regimens.

Deirdre, a 52-year-old-white, married, mother of two living in the San Francisco Bay Area, turned a diagnosis of muscular dystrophy into a chance to strengthen her spiritual practice, something she had wanted to do for years.

[Having muscular dystrophy] is an opportunity to really explore my spiritual life, to send [my family] off on things and for me to meditate, like the Buddhist orientation of seeing the beauty in the present moment. The freedom is in my mind.

For Sara, a 51-year-old-white, mother of three from the San Francisco Bay Area, employing this strategy enabled her to see her husband’s Parkinson’s disease as a means of growing closer to him.

I am more willing to do things that I always thought were quasi-servant type of activities for him. It’s very hard for him to button all of the little buttons on all of his dress shirts. He used to be afraid to ask me, because I’d be so snotty about it. … Finally the light bulb went on, that all of these things are hard for him. There are a lot of things that I just do that I don’t even mention anymore.

At its core, this strategy is about embracing in a positive way something that is fundamentally disruptive and potentially stressful and debilitating. For both Deirdre and Sara, it helped them let go of their concerns about doing things differently than they had in the past.

Expect to see broader social effects of this strategy for dealing with
health transitions as boomers age. Take, for example, the way Michael J. Fox, Christopher Reeve, and Michael Milken each transformed his diagnosis—Parkinson’s disease, spinal cord injuries, and prostate cancer, respectively—into an opportunity to advance the research agenda for those conditions. Harkening back to the 1960s feminist movement slogan “the personal is political,” a small but influential group of boomers will take the “opportunities” afforded by illness not only to establish new patterns in their personal lives, but also to transform social institutions to meet their needs.

**What to Look for in the Future**

- Behavior change, which is a core element of this strategy, is hard to maintain and many boomers will attempt it and fail. Because of this there will be increased demand for supportive literature and practices as well as demand for quick fixes for a lifetime of bad behavior. Support groups for coping with particular illnesses will be important in behavior change—not just in the transition phase but also in the integration phase.

- There will be opportunities for providers to assist patients in establishing new health behaviors and improving adherence to health regimens by framing illness as an opportunity—for example, to let go of the things that have burdened or hindered patients’ health, such as smoking.

**REINVENTING THEMSELVES**

For many boomers, reinvention—of one’s social role, body, or identity—is a key strategy for dealing with major life transitions. There are two reasons for this. First, significant changes such as losing a job, losing a loved one, or being diagnosed with a severe chronic illness, normally initiate a period of turmoil for anyone; being in-between the old and the new forces people to examine and re-think the way they live their lives. Second, American mid-life is a life stage characterized by a reckoning of the gap between the dreams of youth and the reality of aging. Often painful, this reckoning can lead to attempts to reinvent oneself in a range of ways, through new consumer goods or new lifestyle choices from Botox to Buddhism.

What distinguishes boomers’ from older generations’ experiences of the transitions of middle age, however, is that after postponing their “settling down” by postponing marriage and childbearing, they still haven’t “settled in” to an enduring sense of who they are. Among the many identities that boomers have yet to integrate is that of a person who is becoming or will be “old.” Many boomers are convinced that they should be able to keep experimenting with whom they are and what they do. The
re-invention strategy allows an individual to create a platform for new activities and experiences, which are important in making a new beginning and integrating change into one’s life.

Aging boomers are likely to need to do a lot of strategic re-invention around work. When we met him in 2003, Joe, a white professional in his mid-50s from Boston, was nearly a year into his own professional reinvention. Two weeks after the terrorist attacks of September 11, 2001, he was laid off from his job as a senior sales representative for a Massachusetts pre-IPO tech firm. Within a year his and his wife’s 401(K) accounts followed the dotcom bust, shrinking from $1,000,000 to $100,000. The transition initiated by losing his job was hard on Joe’s wife, who was also dealing with her elderly mother’s ill health and poor finances. Joe, on the other hand, went through the transition remarkably well, by his own account. Within six months, he had re-invented himself as the owner of a small business. This is how he talks about his new career.

You’ve got to set goals for yourself, and have some dreams. That’s what I’d like to do. I can honestly say that, even with all the stress I’m going through putting this business together, ... I should have done this 20 or 25 years ago. ... I feel that I could have created something better for myself.

To talk about setting professional goals and having dreams at age 55 suggests a very different approach to work and aging from previous generations. But just as important, Joe now sees the value of the re-invention strategy and is likely to employ it again when faced with a later transition.

What to Look for in the Future

• There will be more need for the “tools of reinvention” to help people establish new beginnings, such as job training, information technology tools, and support groups.

• Boomers reinventing themselves will lead to the emergence of new, diverse senior lifestyles.

• As detailed in Carl Elliot’s book, Better Than Well, the reinvention strategy will extend to the re-invention of the body and mind; look for an increase in enhancement procedures and lifestyle drugs, including risky procedures and treatments.
LEVERAGING LIFELONG LEARNING

Lifelong learning is a strategy that underpins the other strategies that support the shift to a broader definition of health status: making a conscious choice about one’s health status, transforming illness into an opportunity, and reinventing oneself. The lifelong learning strategy is about continuously acquiring new skills and knowledge to provide a base for reinvention and change, and to reduce risk in the face of an uncertain present and future. Boomers have made learning and exploring new things an integral part of each life stage.

As boomers age and have more leisure time, the strategy of leveraging lifelong learning is going to become even more visible than it is today. Boomers won’t be the first elders to seek out new learning, of course: Today’s senior citizens are participating in unprecedented numbers in adult education programs like Elderhostel and Institutes for Learning in Retirement. But when compared with the generations ahead of them, a higher percentage of boomers will leverage lifelong learning to deal with the transitions of aging (rather than for general self-improvement or pleasure); and a higher percentage of a bigger cohort will mean a significant increase in demand for educational materials and opportunities in subjects like mature health and professional redevelopment.

Diane, a 42-year-old, African-American public relations professional in Boston, used the lifelong learning strategy to manage a difficult transition that was initiated by peri-menopause. Her symptoms of mood swings, insomnia, and night sweats launched a prolonged period of turmoil during which she left her job, became depressed and started taking anti-depressant medication, and returned to her parents’ home in the Midwest. She decided to take a job that was completely out of her field, one in which she could learn new skills and obtain knowledge to help her get back on her feet. The job? A personal trainer at a local health club. Not only was it an entirely new occupation, but it also helped her learn about and focus on her body and her health. When we talked with her, she was back in Boston and planning a career that allowed her to blend her public relations and personal fitness skills.

Lifelong learning will be different for different boomers, ranging from volunteering, focusing on spiritual growth and taking classes, to traveling and joining book clubs. Lifelong learning will become an even more important strategy for baby boomers as they age and need to learn about health topics such as new forms of disease management.
What to Look for in the Future

- Increased demand for adult education, and health and professional development educational programs. Boomers will demand multiple channels and formats for educational experiences.
- Increased demand for oversight of health care providers and clinical quality and outcomes information. The vehicles for this activity will include policy, purchasers’ coalitions (for example, Leapfrog), and direct activism.
- There will be opportunities to establish new relationships with consumers around learning and sharing information.

What Does This Shift Mean?

An expanded definition of health status means an expanded definition of what is therapeutic; we are already seeing growth in therapies like massage, and even extreme ideas like laughter therapy. Aging boomers will seek out and demand products, services, and experiences that support their broader definition of health. In particular, while the effect of mental health on health status is increasingly recognized in the medical literature, the current health care system is still largely organized—and financed—to help people deal with symptoms and targeted diseases or conditions, not to manage the complex social, psychological, and even spiritual aspects of aging and illness. Look for boomers to demand improved access to mental health services—and other “non-traditional” forms of therapy.

Endnotes

The second shift in the nature of aging is about how and where Americans will access health resources to cope with the diseases of getting older. The health care system (doctors, hospitals, and pharmaceutical products) is the primary resource for health care for most Americans as they age. But boomers are changing this relationship in two important ways. First, they are demanding more engagement from their providers than previous generations. This is at least in part being driven by a backlash against managed care and the changing nature of the relationship between providers and patients, with shorter appointment times and limited access to specialists and treatments. Second, they are willing to go outside the traditional health care system and use alternative treatments—such as vitamins, specialty clinics, body-work, and psychotherapy.

**The two core strategies:**

- Engaging with health care.
- Going outside “the system.”

**ENGAGING WITH HEALTH CARE**

Rather than passively stand by and accept their providers’ treatment recommendations, many boomers are actively involved in their health and health care as a strategy to deal with health transitions.

Engaged health consumers are those individuals who are active in their health and health care and act consciously to further their own health interests or those of their loved ones. Our measure of engagement, developed in the research for our recent report, *Engaged Consumers in Health & Health Care* (IFTF SR-783), focuses on health behaviors. Our research found that many of the most engaged consumers are middle-aged, and boomers between ages 45 and 54 have the highest share of highly engaged health consumers (nearly 40% of them are highly engaged). The number of engaged consumers in the overall population is expected to increase from 33 percent in 2002 to 41 percent in 2012, with the boomers leading the pack (see Figure 5–1 on page 38).
This strategy of engaging with health care came about as a result of boomers’ experiences with managed care and the changes in the relationship between patients and providers, and the plethora of information on treatment options available to support their involvement. In the future an increase in financial responsibility will also motivate them to be increasingly engaged. Activities included in this strategy can range from clipping articles to bring to doctor visits, to checking out their providers’ professional backgrounds online, for example.

Many boomers we talked to felt that this strategy distinguished them from their parents, and acknowledged that being an engaged health consumer can cause trouble for the health care system. Sara, a 51-year-old mother of three, described it in the following way.

I guess my parents have been good. The hearsay is that they don’t get the [doctor’s] attention. They like to be the little kid or victim in the situation … rather than taking control of it. … They would sit there, moan, and fuss, yet they would not be direct … in terms of what they need or what their questions are. … I’m less inclined to do exactly what the doctor tells me if I don’t believe in it.

---

**Figure 5–1**

**Ranks of Engaged Health Consumers Will Grow to 41 Percent**

(Percent of U.S. population by health engagement level)

---

Some of the behaviors Sara demonstrated as an engaged consumer were: walking out of appointments without paying, demanding antidepressants for her mother though her mother’s physician didn’t feel they were necessary, trying a friend’s anti-depressants and then requesting a prescription from her doctor, demanding her son receive a surgical procedure to stop his recurring ear infections, and paying out of pocket to see an out-of-network gynecologist she felt could guide her through menopause in a way that her plan’s gynecologist could not. Baby boomers who use this strategy to manage transitions will demand the most intensive interaction with and support from their providers when they are in the “in-between” transition zone and trying to achieve integration. In this phase of a transition, boomers see providers as a link to information to help them reorient themselves.

What to Look for in the Future

• More engaged health care consumers—some considered trouble makers—challenging treatments.

• Increased demand for access to and control of personal medical records.

• Boomers using small-scale technologies to help them continuously monitor and engage with their health.

GOING OUTSIDE “THE SYSTEM”

Boomers are much more likely than today’s seniors to feel that going outside of formal institutions—whether in health care, public education, or elsewhere—is not only productive, but also necessary to meeting their needs. They are more willing to bend the rules than their parents are. They believe that they have the power and the right to make demands of formal institutions and they have had some success with that in the past.

One example of more people “going outside the system” is the growth of complementary and alternative medicine (CAM) in the United States today. An increased desire to use CAM is likely to lead to somewhat different demands on the health care system in the future. We saw this strategy at play in the life of Michelle, a single, 47-year-old, African-American accountant from San Francisco, who was going through menopause. Michelle had a long history of using complementary and alternative treatments, and when her gynecologist suggested she begin hormone replacement therapy, she balked.
I’d rather go the holistic route first, and then go to the doctor as a last resort, instead of vice versa, because they’re so quick to give you medicine. … And I’ve read up on stuff you can do to prepare your body, and herbs you can take, and things you can do to help with the whole transition of going into menopause, so that you don’t have to necessarily have all those symptoms of menopause. I really don’t want to take hormones unless I really have to.

Going outside the system in Michelle’s case meant eventually switching to another provider who would support her alternative views. She ended up taking a birth control pill to stabilize her cycle, in addition to reading up on the burgeoning literature on alternative menopause therapies (including titles like Baby Boomers’ Guide to Menopause, Menopause for Dummies, and for those having babies later in life, Hot Bottles, Warm Flashes), and also purchasing and preparing herbal treatments for her symptoms. For her, the value of her alternative treatments was clear, while the treatments prescribed by her provider were greeted with skepticism.

There is a lot of variation in what “going outside the system” means. It is not only about using complementary and alternative treatments, but also can mean switching to an out-of-plan provider (as Sara did), going outside one’s hospital system, buying prescription drugs without a prescription from an online service, or getting medication from friends.

**What to Look for in the Future?**

Boomers will have less satisfaction with the purely medical model and more skepticism and awareness of its shortcomings, particularly as sophisticated medical knowledge is democratized. They will also drive an increasing demand for information about resources outside the system.

- Boomers will increasingly customize their care with a mix of traditional, complementary, and out-of-plan treatments.
- Boomers will seek more products and services from the broader “health economy” of industries at the edge of traditional health care, such as food and supplements, cosmetics, fashion, building supplies, and so forth. They will be more likely to self-diagnose their ailments and demand the tools to do this.
WHAT DOES THIS SHIFT MEAN?

More engaged boomers will be mixing and matching increasingly diverse sets of treatments, some of them from unmonitored and unregulated providers. They’ll also have the tools and the self-confidence to self-diagnose and self-treat more frequently. The implications of this are potentially troubling: For example, as more people use herbal supplements in conjunction with prescription drugs (especially without informing their doctor) more negative drug interactions are likely; and increasing demand for follow-up care and treatment based on things like self-prescribed body scans could further increase costs and stretch available resources if the findings are misleading or wrong. In time, engaged boomers are likely to ask their health plans and providers to adopt some of these out-of-pocket and out-of-system practices and treatments. Chiropractic and acupuncture, for instance, are already receiving some health plan coverage in response to consumer demand.
Aging boomers will turn to broader and information-rich community networks that include resources such as specialty clinics, Web sites, chat groups, and widely dispersed family and friends. This stands in contrast to today’s seniors who most often draw upon locally based health resources such as their local hospital, pharmacy, and nearby family and friends. Information-rich community networks will not replace local networks—in fact the role of the local community will increase—but these new kinds of networks will transform what boomers perceive as being part of their local community. This shift is being driven by increasing use of connective, information-focused technologies that link together people and ideas from disparate places; by boomers’ higher education levels compared with previous generations; and by the rise of knowledge work that has given boomers new information skills to apply to their non-work lives.

The two core strategies:

■ Building community for health.
■ Leveraging information as part of their support network.

More information-rich community networks are allowing boomers to do two things. The first is to strengthen existing ties (local family and otherwise) through increasingly “persistent” communication via cell phones, e-mail, digital imaging, and instant messaging. And the second is to have relationships that didn’t exist before. As people become connected to others beyond their local communities, they find themselves exposed to a wider sphere of influences and ideas.
BUILDING COMMUNITY FOR HEALTH

Boomers are building support networks made up of their family and friends to help them cope with anticipated and existing transitions related to aging. In particular, a number of our interviewees saw their lack of community as a primary health issue that they were trying to address by reaching out to others, near and far. The need for community support for coping with aging and illness will be amplified as boomers age and the pool of potential caregivers shrinks (see Figure 6–1). Boomers will turn to one another in addition to seeking out intergenerational support.

Perhaps because of the social and cultural transitions they have experienced throughout their lives, boomers view community much more broadly than previous generations do. In the 1950s, the idea of community largely referred to geographically local community organizations like religious groups, bowling leagues, PTAs, and social clubs. The 1960s saw the rise of a mass baby boomer youth culture, giving rise to a generational consciousness of the power of youth, and a notion of community expressed through social change and activist movements, such as those for civil rights and women’s health, the hippie movement, communal living situations, and feminist consciousness-raising groups. In the 1980s, the 12-step recovery movement gained widespread popularity throughout the United States, further shaping boomers’ sense of what communities can do. In the 1990s, boomers began to adopt connective technologies and use the Internet as yet another way to build and connect with an even larger

---

**Figure 6–1**

*The Shrinking Pool of Potential Caregivers*

community. Building community for boomers will range from getting in touch with old relatives and high school friends, to starting a book club.

In practical terms, community represents a wealth of resources that can be tapped into at a time of need—for tangible things like information, and more ephemeral things like emotional support. In the middle of the “in-between” transition zone, community can provide a solid foundation. Many boomers we spoke with identified having a community beyond their family as a defensive measure against depression, and saw community as making even the most difficult transitions more enjoyable. For some, participation in communities was the most important strategy for dealing with transitions.

For example, Angela, a stay-at-home mother of four living in a small town outside Boston, told us how a major transition sparked by her brother’s battle with diabetes led her back to Al-Anon and Alcoholics Anonymous. Facing a difficult family situation in which she decided not to provide her brother with a kidney, she saw the twice-weekly groups as a critical piece of her “personal health ecology” (that is, the range of resources and practices people draw upon to manage their health). The groups helped her focus on herself and integrate the change in her family relationships.

In the long run, what it forced me to do was to really take care of myself—to really, really take care of myself. ... To go back to Al-Anon ... it broke things up in a way for my family but I was able to turn it around and really focus on what I needed to do to take care of me. ... Al-Anon helps me to keep a focus on myself instead of other people in my life.

Just as important, several of the boomer women we spoke with highlighted their lack of community as their biggest barrier to maintaining good health in the future. When Phillipa, a white Boston professional, lost her job as a high-level Ivy League university administrator at age 52, she handled the difficult change in job status as an opportunity to create the kind of community she felt she had always needed to “really” address her severe weight problem. Her solution: establish a business that reached out to overweight women and treated weight loss through participation in a group. In this case, she felt the community would provide social support, information, and a structure to help boomer women help themselves initiate changes in their lives and achieve their personal goals.
As boomers age, they will face increasingly difficult health-related transitions, and many will rely on community building to help them cope. Providers and plans have the opportunity to facilitate or even create some of these community bonds. And if they don’t, others will step in to fill the void. For example, Curves, a women-only health club, is the fastest-growing health club franchise in the country with 5,000 clubs internationally. And innovative pharmacies like Elephant and Pharmaca, which offer health information provided by floor staff, free seminars, alternative health products, and prescriptions, are becoming a new kind of alternative community health center. Online communities will be another area of growth and will help to bring many boomers together.

**What to Look for in the Future**

- Boomer desire for community will drive growth in diverse senior communities focused on helping residents deal with the transitions of health and aging.
- Boomers will increase their political advocacy and activism around issues of aging through communities and organizations.
- Aging boomers will also drive growth in aging- and health-related support groups, both on- and off-line.

**LEVERAGING INFORMATION AS PART OF THEIR SUPPORT NETWORK**

Boomers are much more likely than today’s seniors to turn to information as part of their support network when dealing with transitions. We have already discussed how the role of community will expand for boomers as they age; this strategy is about a change in the nature of those communities. Using the information technologies, boomers are accessing and creating communities that fuse the digital and the physical, and will continue to do so as they grow older.

The strategy of using information as part of a support network has been shaped by a number of social and economic trends: the growth of the knowledge economy and knowledge work, higher education levels, lifelong learning, and wide exposure to the self-help movement. What’s more, boomers don’t just have the know-how—they have the necessary tools to use their knowledge. For example, nearly 70% of boomers have access to the Internet in their homes. This is in sharp contrast to today’s seniors—only 15% of those over 65 had Internet access in 2000. Experiences across all these domains have taught boomers that knowing how to use information can help them gain control over transition and change. The result? Boomers have a much stronger sense of the value of information in supporting them in transition than do today’s seniors.
We saw this strategy in action in the case of Stella, a 50-year-old white woman from a small rural town in eastern Washington state who was divorcing her husband and moving away from her four teenaged children. Stella does not fit the profile of a heavy information user: She has only a high school education, and had previously worked as a janitor in the town movie theater, a gas station attendant, and a deli counter-person. Her husband was a bus driver. Yet when dealing with her divorce and starting a new life at age 50, Stella relied on information in a way that would be nearly unthinkable for a woman in today’s generation of seniors.

Information is the largest support network. … I don’t actually go to any groups. … I mean I can get online and find out about pretty much anything. So that’s a support.

Stella used the Internet to look for work in the Boston area, find a new church, and explore neighborhoods. She moved across the country to live with a friend she’d met through AOL years earlier. She even had her own Web log (or “blog”) through which she chronicled her experiences and shared them with her friends around the country.

Stella’s strategy of leveraging information as part of her support network points to how aging boomers will be more likely to create communities for the explicit purpose of keeping themselves healthy (in the broadest sense of the word). Leveraging information will range from signing up for online health alerts, to listening to talk radio programs on mental and spiritual issues.

**What to Look for in the Future**

- Boomers will drive growth in online review resources for health and health care products and services.
- Boomers who are eager to connect and help one another through age-related transitions will initiate the development of more support groups.
- Boomers are likely to form “smart mobs.” Currently driven by youth practices, “smart mobs” are ad hoc communities that form and disperse in real-time, enabled by handheld devices with both communication and computing capabilities that connect with the environment and with other people. By leveraging emerging media like instant messaging and Web logs, smart mobs of aging boomers will work for a range of things, from social change to fun and information sharing.
Because they are so savvy in their information-use, the voices of aging boomers will gain new prominence and influence in the marketplace and the media.

**WHAT DOES THIS SHIFT MEAN?**

Wider, more information-rich community networks are important for industry to understand because of the growing role of the consumer-to-consumer communication channel in health purchases, health maintenance and behavior change, and social support. Institute for the Future research on social networks has shown that networks are important communication channels for consumers and shape purchasing behaviors. In addition, elderly boomer patients will have social support beyond their local networks, compared with today’s elderly. This could mean more use of “context-appropriate” support—say, a group for spouses of people with Parkinson’s disease—that offers a kind of support and knowledge sharing that closer-in networks of family and friends cannot. Businesses might be able to leverage and encourage this process by providing the right tools, spaces, and environments for consumers.

---

**Endnotes**

1 For more on personal health ecologies, see Institute for the Future, Engaged Consumers in Health & Health Care, SR-783, 2003.

7. Future Strategies

We have looked at the strategies boomers are using today to deal with life transitions. These current strategies provide insight into the kinds of strategies boomers will employ in the future to deal with the transitions associated with aging and health. Here we outline four possible future strategies.

1. Boomers will view the aging body as a new frontier.
2. Aging boomers will engage in “personal rationing.”
3. Boomers will create health-focused communities.
4. Boomers will “project manage” aging.

**Boomers Will View The Aging Body As A New Frontier**

As boomers age, they will experience the diseases and natural processes of getting older. As they move from full-time work into part-time work or retirement, much of their energy will shift from the work arena to their aging body. They will see their bodies as a new arena for work, experimentation, and exploration. Boomers will, of course, rely on traditional health care to help them stave off the emotional and physical effects of aging. But, armed with their broader definition of what it takes to maintain overall health, they will also be interested in lifestyle treatments geared toward their mental health and procedures to maintain their “youthful” appearance. Boomers will be proactive about looking for ways to become “better than well,” and will look for body and lifestyle fixes that go well beyond what their doctors offer them. They will look for solutions from a range of resources including pharmaceuticals, functional foods, medical procedures, and new kinds of social relationships and communities.
Food

Food fixes, especially nutraceuticals or functional foods (foods that are produced to contain additional health benefits or that are engineered for bioactive benefit) will be important to boomers in the next decade. Natural products viewed as “healthier” will also be important. Today we already see explosive growth of the organic foods market—the U.S. Department of Agriculture estimates that it has grown at about 23 percent per year in the last decade. Boomers make up a significant portion of this market—the median age of organic food consumers is 46, nearly ten years older than the median age of 37 for the overall population. Clearly some boomers will view food as one of the most important tools they can use to maintain their health.

Pharmacological Therapies and Psychotherapy

Pharmacological therapy, or the use of drugs, will play an increasingly important role in supporting the psychological or emotional aspects of aging for boomers. As noted earlier, boomers have a better sense of the causes of mental illness and are familiar with treatment options. This means they will seek out drugs more often than do current seniors. Indeed, there is the potential for a significant increase in the use of such drugs. According to experts like Donald A. Malone, Jr., M.D., Director of the Mood and Anxiety Clinic in the Department of Psychiatry and Psychology at the Cleveland Clinic, boomers have a higher rate of depression than the generation before them. This could be due, in part, to boomers in higher comfort level and openness in discussing mental health; some experts have postulated that high levels of personal and professional stress among this cohort could also contribute to this phenomenon. As boomers age, look for increased use of anti-depressants, mood stabilizers, and stimulants, as well as increased use of psychotherapy.

Enhancement Procedures

In the next decade, boomers will be turning to more enhancement procedures such as plastic surgery and Botox injections to maintain and improve their bodies. In fact, this trend is already in high gear. According to a 2001 survey by the American Society for Aesthetic Plastic Surgery, cosmetic procedures increased 304 percent from 1997 to 2001. And boomers age 35–50, who make up roughly 25 percent of the total population, accounted for 44 percent of the cosmetic procedures performed in 2001 Botox injections were the most popular procedure.
Health Technologies

Health technologies will play an important role in enhancing people’s lives. These will include things like biomedical implants and assistive devices that are improved versions of the cane or the hearing aid. Boomers will also adopt monitoring devices that help them keep track of their bodies and then make necessary adjustments in their behaviors or therapies.

The Body Wins

Ultimately, anything that engages the boomer body with a health benefit wins. This is going to crack open the already large consumer health products market, as boomers look to explore and experiment with their physical, mental, and spiritual health. The great boomer contradiction is that while some will be eating natural and organic foods for health, others will be experimenting with drugs and invasive procedures to enhance their performance and their looks. Some might be doing both at the same time—if “organic Botox” comes to market. Finally, if the aging body is a frontier, there are sure to be some lawbreakers among consumers and providers. Aging boomers with restricted funds and a strong desire for prescription drugs may spearhead novel or extra-legal arrangements for obtaining them.

AGING BOOMERS WILL ENGAGE IN “PERSONAL RATIONING”

With their broad definition of health, a history of trying new things, a pattern of assuming control of situations, and a willingness to go outside the “system” to get their needs met, boomers will have numerous options for treating their health. However, the increasing cost of health care in light of cost shifting from payers to beneficiaries, increased out-of-pocket health expenses, and probable policy changes in social programs for older adults mean that boomers are going to be making health choices in an environment of economic scarcity.

As an adaptive strategy for this circumstance—an abundance of options and a scarcity of financial resources—boomers will have to ration health resources for themselves. This means they will be deciding, based on their financial resources, what they must have, what they can do with less of, or what they can do without. Making tough choices regarding one’s health care is not new. We have all heard stories of seniors having to choose between buying their prescription medications and paying the rent or buying food. What will be different in the future is that boomers will have an even wider range of choices (thanks to new technologies, therapies, and drugs, their interest in complementary and alternative med-
icine, recognition of the importance of their mental and spiritual health, and so forth) to spend their limited health funds on.

The drawback with having boomers personally ration their health care is that, though they are loaded with information about what might be best for them, their decisions will not be completely rational—at least from the standpoint of a health care payer or provider. This is because one of the most important factors boomers will rely on when making health decisions is what they think will make them feel good, or contribute to just one aspect of their broadly defined health. This means that some of their decisions will not be what is clinically best for them. Boomers will need help with balancing the short- and long-term risks and benefits of different treatments in their health decisions.

**BOOMERS WILL CREATE HEALTH-FOCUSED COMMUNITIES**

The next decade will see rapid growth in health-focused boomer communities, both in the physical and virtual worlds. Boomers see community as a critical aspect of healthy aging, and will be looking for ways to create communities that help them stay fit. As health becomes a filter on more of the decisions they make, it will have a bigger impact on the kinds of communities and social interactions that they seek out and build.

**New Boomer Residential Communities**

Boomers will drive the development of residential communities that are diverse and meet their needs in terms of health-care resources, work, leisure, and lifelong learning. Residential communities will take many forms, including NORCS (naturally occurring retirement communities), “co-housing” (an originally Danish intentional group housing movement), or “active adult communities” such as those being built by leading developers like Del Webb (famous for building the Sun City communities). Aging boomer residences will be characterized by living spaces centered on physical fitness, interaction with family and friends, healthy eating, home offices that allow boomers to remain employed, and Internet connectivity. One developer even has plans to service the boomer residential community market with housing complexes organized around spiritual and socially conscious practices like Zen Buddhism and environmentalism.

**Health Communities That Fuse the Virtual and the Physical**

Health communities that fuse the virtual and the physical will be important to boomers over the next decade. Using new communications technologies to disseminate information and organize, boomers will create communities around a range of topics that are close to their hearts, for example to advocate for or against new health legislation, changes in regulations, and access to health information or services. Communities won’t
just form around political issues. Others will be support groups for communities of boomers sharing similar experiences related to aging and their health. These communities can exist entirely in cyberspace, sharing ideas and support through remote channels, or can come together in the physical world when it makes sense. Whether physical or virtual, boomers will rely on these communities for key resources in the aging process.

Imagine a boomer women’s group that alerts women to news, new risks, and political action related to hormone replacement therapy or breast cancer drugs. Or a group that organizes against ageism in the workplace and choreographs something like an “age in” (instead of a “sit in”) to highlight important age-related workplace issues.

**Social Groups and Organizations as Key Communities**

Social groups and organizations that fulfill boomers’ desire for psychological and spiritual therapy will also be important. The amazing growth of the Red Hat Society (RHS), from 19 people to 9,000 chapters with 200,000 members in three years with no formal marketing, is a testament to boomer women’s desire for healthy communities, and their ability to mobilize and create it for themselves. The RHS is redefining what it means to grow older by making age 50 a point of celebration and rite of passage, and is providing a fun, social environment for women to be together and feel good about aging. It is also shows how quickly large communities can form around aging and health.

**BOOMERS WILL “PROJECT MANAGE” AGING**

Boomers will approach aging as another set of problems to be solved, and will apply their “project management” skills learned at work to the transitions related to their health and growing older. Information and information tools to help them set priorities and plan for the future will play an important role in boomers’ project management activities. That boomers will “project manage” aging stems, in part, from practices that dual-income boomer families have developed to manage their work and home lives. Into their personal lives, they have imported language and processes learned at work, which help them to deal with today’s information-overload and increased pace of life. This is what cultural anthropologist Jan English-Lueck calls the “workification” of daily life. Think of the family that has regular “family meetings,” or the family “planner” that sits on the refrigerator to help coordinate schedules.

Similar to what they have done in their personal lives to date, boomers will “workify” the transitions of aging in the future. Especially as boomers in knowledge-work positions transition from their full-time careers into new roles, they will be looking for areas to apply their project management skills. In this “work of aging,” health and finance will

---

*Boomers in Transition: The Future of Aging and Health*  
53
play a central role, but will not be everything. Exercising, working on their bodies, “eating right,” developing new skills and hobbies, building communities, learning and working on their identities are just some of the areas boomers will actively manage.

Endnotes

Boomers are a large, powerful generation. As they age, they will shape the health care environment in both predictable and surprising ways. Some of the broad business implications of this are:

- Boomers will want far more than what they’ll be able to afford, and who pays for these demands will be a major point of contention.

- Relevant and appropriate information for health decision making will take on a new level of importance for information-hungry boomers.

- Continued fragmentation of the boomer market will drive a need for consumer segmentation along new dimensions.

- The need for expanded and innovative services and products addressing mental health will grow in importance for boomers and health care stakeholders.

In addition to these broad implications, each of the major shifts raises a number of specific implications that companies must consider.

**FROM PHYSICAL HEALTH TO PHYSICAL + MENTAL + SPIRITUAL HEALTH**

Boomers’ broad view of health will exert new pressures on health and health care and therefore create a number of new battlegrounds. For example, who is going to pay for the products and services boomers rely on to treat their health?
Plans and Purchasers

• The formal health care system is not currently organized to treat “health” as boomers will define it, and health plans will resist requests to cover more services related to mental or spiritual health and other treatments where clinical improvement cannot be measured or remains questionable. However, this creates opportunities for new research that measures the contribution of depression and other mental illnesses to overall health status. If cost-effectiveness can be demonstrated to payers, early movers may be able to capture market share.

• Understanding how individuals deal with transitions can help plans provide better service and support to their members. Physicians in Germany, for example, routinely provide psychiatric consultation as a part of the treatment for certain major health conditions. Another service that plans could provide might connect newly diagnosed patients with support groups and trusted resources.

• Integrating a health-related transition typically takes time, while health care and health insurance are oriented for acute or episodic care. Organizations that can create a continuum of care and maintain a customer focus across providers, administrators, and benefits managers, will be able to reconcile the discrepancy between individuals’ experience of health and health plans’ short, bottom-line-oriented time horizon.

• Health plans will need to develop products and services to match increasingly diverse senior lifestyles and satisfy boomers’ desire to have control of their health care. Plans that want to succeed in this market will need to develop deep competencies in consumer insights and market segmentation to respond to boomer diversity and market fragmentation.

Delivery System

Watch for emerging provider organization formats that offer new combinations of treatments and procedures to boomers and market specifically to them. In oncology, the Dana-Farber Cancer Institute has the Zakim Center for Integrated Therapies and the Columbia-Presbyterian Cancer Center in New York City operates the Richard and Hinda Rosenthal Center for Complementary and Alternative Medicine. These pioneers are addressing boomers’ desire to treat all aspects of their health. In most cases, boomers will pay out of pocket for access to such integrated and expanded care.
Pharmaceuticals and Devices

• While boomers will see the value of pharmaceutical treatment for a wide range of ailments, they will demand more than just a pill to help them cope with health transitions. They will also want to use a diverse range of products that align with their broader definition of health, including devices such as exercise equipment, biofeedback monitors, and pain control devices.

• Related to boomers’ view of the body as the next frontier for exploration, it will also be the next frontier for customization through pharmacological treatments based on their genetic profiles and devices that cater to their specific health needs and preferences. Boomers will work with their clinicians to tailor aspects of a drug regimen and/or diet to match their genetic profiles. This will require clinician training and will create new opportunities for clinical medical education.

Consumer Markets

• Organizations interested in marketing to boomers should strengthen their trend-spotting capacities to detect new senior markets. These new markets will open doors to new players in the emerging health economy. Look to places and spaces where boomers can learn, have fun, take control, make choices and express themselves. Use these “hot spots” to help you delve deep into understanding your customers and their underlying values, and shape marketing programs and products in response.

• Look for ways to partner with companies through co-branding, brand extension, or other joint efforts, to offer a range of complementary products and services that play to boomers’ broad definition of health. When looking for partners, seek out companies that boomers already trust. For example, Wal-Mart is a trusted provider for millions of consumers. Imagine a partnership where a mental health provider teamed with Wal-Mart to provide basic mental health assessments and treatment.

• Leisure activities will be an important part of some boomers’ overall health strategies. Using the broad definition of health, boomers will be doing things like taking time for themselves, going to spas and retreat centers, and meditating, for example. There are opportunities for companies to provide leisure services that have a health orientation, such as cruises dedicated to helping people tackle difficult health issues like behavior change or diet modification.
FROM AGING WITHIN THE SYSTEM
to ENGAGING THE SYSTEM AND BEYOND

Boomers’ engagement and willingness to exit the system to get their needs met will exert a subtle yet powerful effect on health and health care. It will be essential to develop a strategy that takes this into consideration.

Plans and Purchasers

- Give members more flexibility through a range of modular products that support different levels of engagement that are not solely based on ability or willingness to pay, but also include individuals’ varying priorities and their own definitions of what is therapeutic. It may be actuarially challenging for plans to price these kinds of carved-out services, but again early movers may be able to capture market share.

- Extend current disease management programs by developing systems and partnerships that support continuity of care across multiple regimens and settings. Plans and purchasers could be in the role of facilitating new provider group models or brokering relationships between provider organizations to encourage greater continuity of care.

- Develop a strategy or position about how you want to deal with consumers’ mixing and matching of products and crossing in and out of plan boundaries. One of the key issues to resolve will be who should assume financial risk and legal liability for follow-up treatments or diagnostics generated from procedures or treatments done outside the system. Communicate clearly who takes on financial and legal responsibility for adverse events as a result of activities outside the system.

Delivery System

- Self-managing boomers will be more willing to try new things (for example, enrolling in clinical trials or using alternative health care settings, treatments and procedures). This means that there will be opportunities for the delivery system to experiment with boomers and work with them to create options that align with their personal health ecologies. We’re seeing the early stages of this process as more provider organizations adopt various forms of disease management.

- There will be a crisis in availability of a wide range of geriatricians to treat the unique needs of a population growing older (see Figure 8–1). The provider shortage will not be limited to physicians and nurses. In fact, it already extends to social workers, nurse’s aides, home health workers, and mental health providers. Emerging disease management programs, home health monitoring, and communication and self-diag-
nomic technologies will play an important role for boomers who will want to stay at home rather than enter nursing homes, especially when caregivers are in short supply.

- A small number of boomers will be willing to travel internationally for treatments they cannot readily (or affordably) receive in the United States. For example, Singapore may become a hotbed for treating health conditions using stem cells, as stem cell research is less restricted there.

- Understand why boomers go outside the system to seek care, and decide whether or not it is something you want to respond to based on your organizational mission, vision, and objectives. Provider organizations that want to play outside the traditional health care system can ally with external organizations whose work complements the health provider’s core mission.

- As health care continues its shift from the hospital to outpatient and home settings, the old model of hospital “discharge planning,” which typically began a few days before the patient left the hospital, will morph into remote patient management and “outpatient team assembly,” enlisting practitioners across a range of disciplines beyond the traditional physical therapist, occupational therapist, and visiting nurse.

---

**Figure 8–1**
A Growing Gap in Geriatric Care
(Anticipated number versus projected need for physicians trained in geriatrics)

Number of geriatricians (in thousands)

Pharmaceuticals and Devices

- As more and more boomers use both prescription medications and alternative treatments (for example, Prozac and St. John’s Wort for depression), pharmaceutical companies will need to develop long-term strategies for dealing with these potentially competitive products. One strategy would be to establish market alignment with CAM products. Another approach would be to challenge the effectiveness of CAM products by competing on the basis of superior competence in conducting clinical trials and proven efficacy.

- Medical device companies can capitalize on the fact that aging boomers’ lifestyles favor mobility and freedom. More care will happen on the move. Manufacturers can respond to boomers’ preferences for transparent devices that fit seamlessly into their lifestyle, especially as they begin to manage complex chronic diseases such as heart disease, diabetes, cancer, and arthritis. Increasingly, device companies will engage in more direct-to-consumer promotional strategies to drive demand for new technologies.

Consumer Markets

- Provide tools to help consumers in their personal rationing and health decision making—for example, something like an e-Schwab account for health. Boomers have already been learning to plan and manage their financial assets, and they will be eager to apply similar tools to help them take control and plan for the future when faced with a broad array of choices inside and outside the traditional health care system.

FROM LOCAL NETWORKS TO INFORMATION-RICH COMMUNITY NETWORKS

The networks boomers will rely on to manage their health are expanding. Some of the most important assets in these networks will be information and resources. Companies that want to leverage these expanding networks will need to understand and target the areas of highest value for the consumers they wish to reach.

Plans and Purchasers

- Establish incentive systems that enable and leverage consumer-to-consumer mechanisms to enlist aging boomers in the co-management of their health, such as special offers and rebates for those who volunteer to help others with day-to-day and crisis health needs, or offers for people who coordinate community health forums.
• Plans and purchasers have the best information about community- and individual-level patient care. They should share that information with consumers to help them understand aspects of quality and risk. That said, information is not enough; help consumers filter and navigate the sea of health information, especially in high-risk situations.

• But beware when it comes to sharing highly personal medical information, as consumer privacy concerns will remain strong in the future. The recently implemented Health Insurance Portability and Accountability Act (HIPAA) will place added pressure on health care companies to simultaneously divulge and protect individual and community information.

• Understand the implications of highly networked boomers for volatility and rapidity of information flow. As Malcolm Gladwell (*The Tipping Point*), Howard Rheingold (*Smart Mobs*), Mark Buchanan (*Nexus*), and others have reported, information and action can diffuse suddenly and unpredictably through social networks.

**Delivery System**

• Providers should rethink their role as members of an increasingly diverse, emerging support community for boomers. By becoming part of boomers’ personal health ecologies, providers will have an opportunity to foster loyalty and trust, and to use this to engage with boomers and meet their health needs. For the most engaged boomers, physicians, nurses, pharmacists, and other providers are increasingly coaches rather than authorities.

• Look to naturally occurring retirement communities (NORCs) to understand the specific needs of aging populations and to target services. Some are already moving in this direction. For example, Maryland’s Department of Aging has identified delivering services to NORCs as a prime area of innovation for 2004.

• For some urban planners, creating “healthful” spaces and places has long been a planning goal. Some health care companies are also realizing the impact of space design and the experience of space on overall health status, and are redesigning around a more holistic health experience. Even moderate changes can make an enormous difference for patients and consumers. For example, at first design changes at the Barbara Ann Karmanos Cancer Institute in Detroit were thought to be cosmetic. However, when tracking patients with sickle-cell anemia who had checked into the hospital before and after the redesign, staff found that, on average, patients who had been admitted after the redesign gave themselves 45 percent less self-administered pain medication.
Pharmaceuticals and Devices

- By understanding how pharmaceutical-regimen adherence is shaped by the communities that boomers live in, pharmaceutical companies can increase adherence, build relationships with consumers, and improve overall health.

- Tapping further into health advocacy groups creates favorable viral marketing that enhances compliance and persistence. Such relationships can create a positive public relations image for pharmaceutical companies.

- Information devices can play an important role in coordinating aspects of care across a continuum of practices, approaches, and locations. Think of ways that health technologies could integrate with technologies that boomers already use as a regular part of their lives—cell phones, pagers, handheld devices—and ordinary household technologies like toilets, refrigerators, and coffee makers. For example, Intel’s Proactive Health Research is exploring the ways in which ubiquitous computing can support the daily health and wellness needs of people in their homes.

Consumer Markets

- Develop tools, environments, and services for boomers to create health-focused communities. Understand and tap into the power of consumer-to-consumer marketing and information dissemination. Health care is one of the most viral markets in the United States, meaning that within social networks, individuals are exchanging a wealth of information about health and health care products and services. Provide high quality information and become the information provider of choice to help boomers learn from one another as they age.

- Distinguish yourself by establishing new brands for aging. Think of what ThirdAge, AARP, and clothing designer Eileen Fisher have been doing to redefine aging as something fun, hip, meaningful, and beautiful. When developing a new brand or strategy for aging boomers, identify the likely changes in their health relative to their life stage or life experiences, rather than their chronological age.

- As one of the first steps boomers will take to de-stigmatize aging, the moniker “senior citizen” will likely fall by the wayside. As new terminology and mindsets emerge, the number of ways to reach older consumers will increase. Rather than “Elderhostel,” competitors will capture the attention of older travelers with new brands and products that recognize their vitality instead of their age.
Traditional consumer segmentation methods group consumers by similar historic and measurable characteristics. The characteristics can vary, but typically involve demographics (e.g., age, socio-economic status, occupation), psychographic variables (e.g., psychological and lifestyle attributes), geographic location, behaviors (e.g., purchase frequency, usage rates), or perceived and desired product benefits (e.g., individuals’ desire for unscented versus anti-bacterial soap).

Boomers are a major market in the United States, and many organizations have developed schemes to segment them. Some of the most interesting are listed in Table A–1. However, our research points to other ways to segment consumers.

Table A–1
Boomer Segmentation Schemes

<table>
<thead>
<tr>
<th>Organization</th>
<th>Basis for Segmentation</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roper</td>
<td>Common experiences around life stage and lifestyle</td>
<td>1998</td>
</tr>
<tr>
<td>AARP/Roper</td>
<td>Demographics and attitudes toward retirement</td>
<td>1998</td>
</tr>
<tr>
<td>J. Walter Thompson</td>
<td>Individuals’ values</td>
<td>2001</td>
</tr>
</tbody>
</table>

USING BOOMER TRANSITION STRATEGIES FOR SEGMENTATION

The segmentation schemes outlined above describe a number of different ways companies have subdivided the boomer market. Another way to segment the boomer market is to use the strategies described in this report that boomers are employing to deal with transitions. For example, segments could be formed around how broadly consumers define health, the extent to which they are engaging in a lifelong learning strategy, or the kinds of communities they turn to for support.

Using the strategies boomers employ to help them through transitions as a “lens” to segment the market can uncover people’s everyday practices, aspirations, and, most important for business, their needs. For example, one way to use this research to develop a quantifiable segmentation model would be to identify the key practices and attitudes that underlie each strategy, and then conduct a survey to identify key consumer groups. This would also uncover other patterns and inconsistencies that would help you understand these strategies further.

Another way to use strategies to segment the market is to combine them with other market segmentation tools. For example, the Institute for the Future has developed a segmentation toolkit that systematically helps businesses think about reaching consumers using dynamic segmentation methods, such as context, experience, swarming behaviors, and social networks. One way to combine these two would be to create marketing segments based on how people go through the dynamic process of transition.
Across the globe, two important demographic trends are underway: birthrates are falling and people are living longer. The implications of these trends will be broad, especially for the wealthier nations, which will be forced to adjust their institutions to the realities of aging populations. During the 20th century, life expectancy increased significantly, especially in wealthy nations (see Figure B–1 on page 66). Concurrently, birth rates have declined to the point that, in most European nations and Japan, birth rates are below replacement level, meaning that, without inbound immigration, their populations will decline in the future. In the most extreme cases, if current trends continue, Germany will lose the equivalent of the current population of the former East Germany, and Japan’s population will fall by one quarter, in the next 50 years. There are several potentially negative implications of global aging for governments, businesses, workers, and retirees.

**IMPLICATIONS FOR GOVERNMENTS**

- **Vast increase in the cost of pension and health-benefit programs.** In every major developed country, the unfunded liability for pensions alone is 100–250 percent of GDP. This is far greater than official public debt.

- **Large and destabilizing deficits.** With no change in policy, by 2030 the combined public pension deficits of the G-7 nations could absorb these countries’ net savings pool. Including long-term care, health obligations could be of similar magnitude.

- **Pressure to reduce benefits, raise taxes, or crowd out spending for other programs such as education, defense, and infrastructure.** Governments will be making difficult choices about how to allocate resources. In the European Union, total taxes already average over 45 percent of GDP. Rather than generate revenue, high taxes may just slow the economy and exacerbate already high rates of unemployment.
IMPLICATIONS FOR BUSINESS AND WORKERS

- *Increased taxes, shrinking markets, and slow growth.* Declining populations mean fewer consumers and producers, and slower economic growth.

- *Tight labor markets, making it difficult to retain top-quality personnel and creating incentives to move production abroad.* According to one estimate, payroll tax hikes needed to cover rising costs of public pensions in Europe will add a cumulative $5 per hour to real manufacturing costs by the mid 2020s.

- *Falling stock and housing prices.* As the baby boomers age and start selling their financial assets en masse to the next generation—a smaller cohort—this could reduce home prices and cause the stock market to experience a “great depreciation.”

IMPLICATIONS FOR RETIREES

- *Fewer caregivers.* Even in the United States, with the highest fertility rate among developed nations, almost a fifth of all women aged 40–44 are childless. Low fertility rates mean fewer immediate and extended family members as potential caregivers.

---

Figure B–1
Rising Life Expectancy
(Average life expectancy at birth, in years)

![Rising Life Expectancy Chart]

• **Less secure access to health care.** As people age, they consume more health care. With the elderly living longer than they have before, we will witness the “aging of the aged.” The subsequent extra burden of financing health care could lead to the collapse of health care systems. For example, compared with those aged 65 to 74, the ratio of per capita health spending for individuals 85 years and older is 3 to 1.

• **Possible generational backlash and increased ethnic tensions.** Because different parts of the world are aging at different rates, and because there will be demographic variations between wealthy and poorer nations, there are likely to be huge flows of immigrants from higher-fertility states to lower-fertility states. This could lead to increased xenophobia and a significant backlash against immigration in wealthy, aging countries.

**MOST VULNERABLE NATIONS**

CSIS identified the nations most vulnerable to global aging, based on four factors: the public burden, or the relative size of its elderly population; a nation’s fiscal room, or the flexibility and resources available to raise public money; the benefit dependence, or how dependent the elderly are on external support; and the elder affluence, or the relative economic status of its elderly, now and in the future. Table B–1 outlines nations’ economic vulnerability to population aging.

### Table B–1
Some Nations Are More Vulnerable to the Downside of an Aging Population
(CSIS Aging Vulnerability Index)

<table>
<thead>
<tr>
<th>Low Vulnerability</th>
<th>Medium Vulnerability</th>
<th>High Vulnerability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Belgium</td>
<td>France</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Canada</td>
<td>Italy</td>
</tr>
<tr>
<td>United States</td>
<td>Germany</td>
<td>Spain</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Netherlands</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sweden</td>
<td></td>
</tr>
</tbody>
</table>
