The Economic Cost of Disability for Older People

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There is substantial evidence to suggest that disability is highly prevalent amongst persons of older age. Since recent data for Ireland suggests a strong link between disability status and household poverty, new research by NUI Galway researchers focuses on estimating the economic cost of disability for older people. It considers the private costs borne by households with older persons who have a disability and finds that the estimated costs are significant and vary by severity of disability and household type. The results indicate that older people face a double jeopardy through age and disability which is not reflected in official poverty rates.

Key words: disability; economic cost; older people; Ireland.

INTRODUCTION AND CONTEXT

Interventions to promote the wellbeing and social inclusion of people with disabilities include policies to ensure adequate income for people living with disabilities or those caring for a person with a disability. Despite this, the proportion of disabled or long-term ill in Ireland who are in households at risk of poverty is twice that of households with no disability or long-term illness. Thus, addressing the extra economic costs of disability seems a logical step towards alleviating elements of social exclusion for people with disabilities. This is particularly true for older people, where the incidence of disability tends to be much higher – see Figure 1. Despite representing only 11.0% of the total population in 2006, people aged 65 years or older accounted for 35% of the disability cohort. Moreover, given that many older persons have multiple disabilities, the older population in Ireland accounted for 43% of all disabilities.

Figure 1. Numbers of persons with a disability by age

![Figure 1](image1.png)

Source: Analysis of CSO Census 2006 data.

While the level and nature of government assistance are ultimately determined by social and political choices, the design of the relevant policies should benefit from evidence on how disability affects the economic welfare of affected older individuals. Within this context, this bulletin reports on research recently published in The European Journal of Health Economics by researchers at NUI Galway (Cullinan et al, 2013).

APPROACH AND FINDINGS

The research uses a top-down estimation methodology known as the standard of living approach and estimates models of the private costs borne by households with older persons who have a disability in Ireland, both in general and by severity of illness or condition. The approach starts from the premise that disability status will reduce the living standards of households containing an individual with a disability by causing them to divert a portion of their resources (e.g. income) to cover disability-related costs. It then compares the standard of living of households with and without disabled members at a given income, controlling for other sources of variation. The data used is from the Living in Ireland survey for 2001.

The results suggest that the estimated economic cost of disability for older people in Ireland is significant. When considering all older households with a person with a disability, the estimated cost is €98.07 per week at the median income level in 2001 prices (or €194.28 in 2009 prices under some strong assumptions). When severity of disability is accounted for, estimated costs rise to as much as €203.04 per week in 2001 prices. The additional costs of disability are found to be borne most heavily by those individuals who suffer the most from their disability in their day-to-day lives. Furthermore, there is a clear pattern in the results suggesting that older people with a disability who live alone are the worst affected.

CONCLUSIONS AND POLICY IMPLICATIONS

These results are important when considering the effectiveness of policies that aim to address the economic problems associated with disability for older people, suggesting that current policy in Ireland does not go far enough. Our results indicate that the poverty rate among pensioners is higher than reported when disability status is taken into account, suggesting that, notwithstanding budgetary constraints, there is a strong case for introducing monetary compensation for the extra costs of disability facing some older households. There has been an enduring tendency to homogenise older populations in public policy in Ireland, leading to official neglect of any consideration of variation and need among them arising from disability. Addressing this issue through additional income would yield real improvements in quality of life for older people with disabilities. The results also raise important issues for housing policy and for the provision of supports for older people with disabilities living alone.

REFERENCES


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