

Economic Costs of Absenteeism, Presenteeism and Early Retirement Due to Ill Health: A Focus on Brazil

Report to the US Chamber of Commerce

Bruce Rasmussen
Kim Sweeny
Peter Sheehan

Victoria Institute of Strategic Economic Studies
Victoria University, Melbourne
November 2015

**Delivered by Professor Bruce Rasmussen
Director, Victoria Institute of Strategic Economic Studies**

Brasília, December 2015

Introduction

- Study about the link between health and productivity
- Estimates the economic impact of:
 - Absenteeism (sick and absent from work)
 - Presenteeism (present at work but not working at full capacity due to illness)
 - Early retirement due to ill health (retired 50-64 due to ill health)
- Multi-country study of 18 countries
 - Using mainly international data sources
 - For this study, Brazil plus ten comparator countries
- Presentation draws on four reports sponsored by :
 - APEC Life Sciences Innovation Forum
 - APEC Business Advisory Council
 - US Chamber of Commerce
 - Brazil-US Business Council

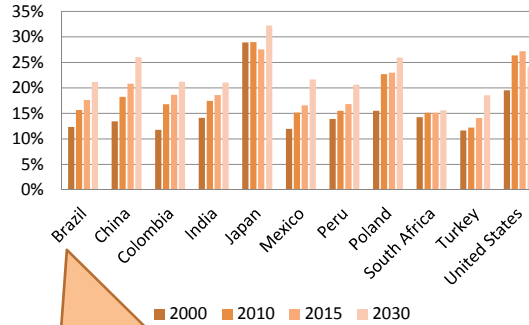
Ageing is rapidly increasing the proportion of older workers in many countries

Most countries, such as Brazil, have an ageing workforce.

Some countries, e.g. Japan, Poland and the United States already have 'old' workforces.

Both types of countries need older experienced workers. Therefore, keeping older workers healthy and working becomes an issue for economic growth and development.

Proportion of the labour force aged 50-64, eleven countries, 2000, 2010, 2015 and 2030 (projected)

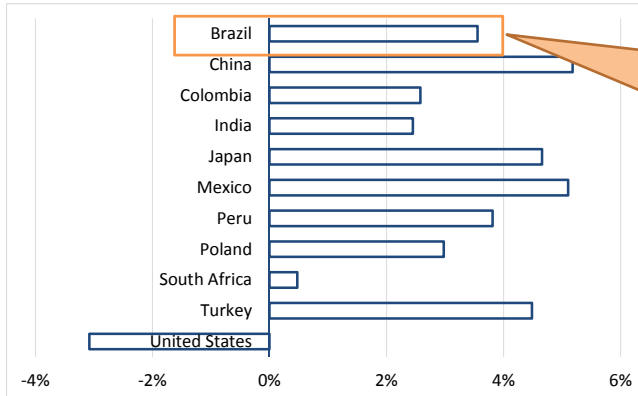


In 2000, Brazil had one of the 'youngest' workforces with 12% aged 50-64. By 2030, this proportion will have almost doubled to 21%.

Source: International Labour Organization 2014, ILOSTAT Database.

The proportion of older workers in Brazil will continue to increase significantly

Increase in the projected proportion of the labor force aged 50-64, 2015-2030



Brazil is set to experience an increase of almost 4 percentage points in the proportion of workers aged 50-64 between 2015 and 2030.

Source: International Labour Organization 2014, ILOSTAT Database.

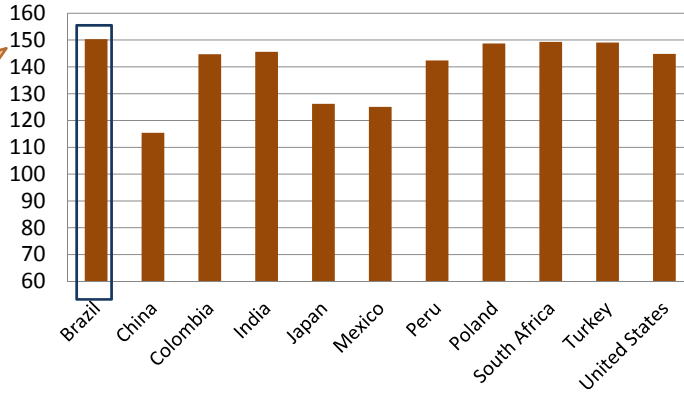
Burden of disease: Non-communicable diseases (NCDs)

NCDs (cardiovascular diseases, cancer, chronic respiratory diseases, diabetes and mental illness) are generally thought of as a challenge only for developed economies, when in reality the disease burden of NCDs is as high among **DEVELOPING** economies as developed economies.

Impact of NCDs (YLDs per 1,000) of those aged 50-64, 2010

Among the eleven countries surveyed, Brazil has the highest level of NCDs, as measured by years lived with disability (YLDs).

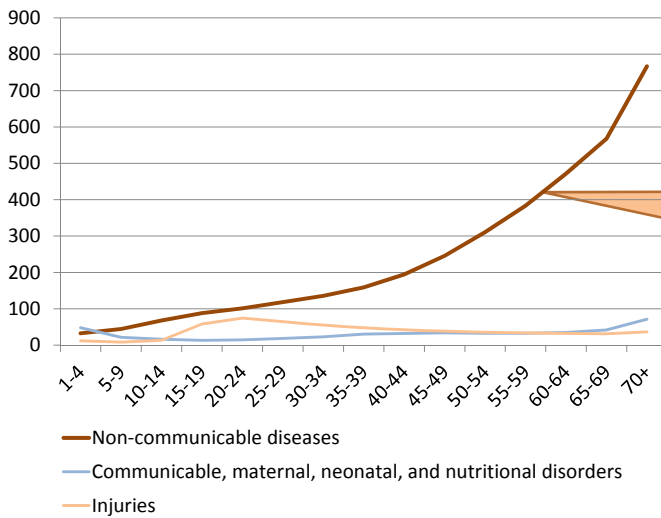
NCDs are 89% of the total disease burden for Brazil (US 93%)



Source: Institute of Health Metrics and Evaluation (IHME) 2015, GBD Data.

The double challenge: Ageing and the burden of disease

Disease burden by age and major cause (DALYs), Brazil, 2010



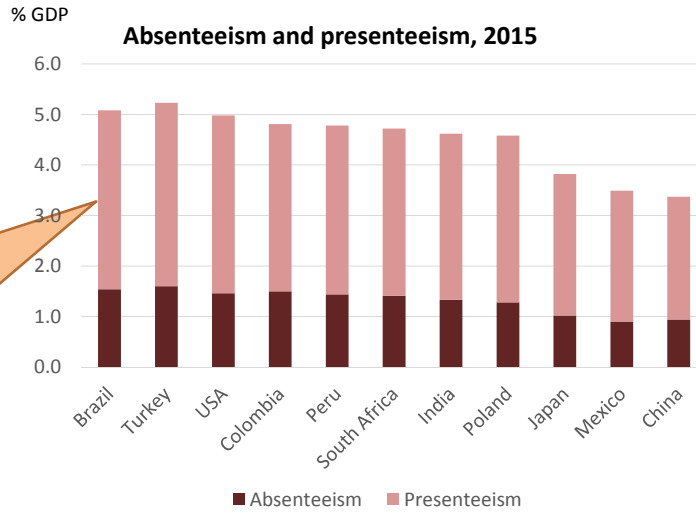
The burden of NCDs rises exponentially with age. For Brazil the burden at age 60 is twice that at 45.

Source: Institute of Health Metrics and Evaluation (IHME) 2015, GBD Data.

Productivity loss: Absenteeism and presenteeism

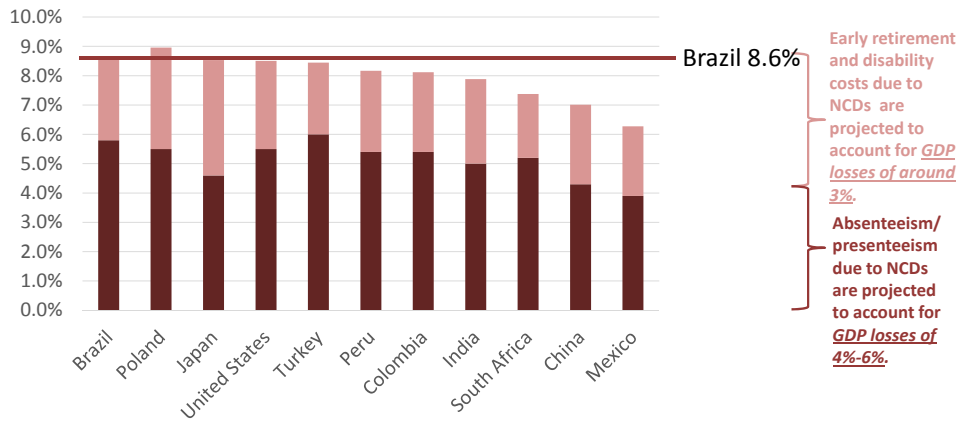
Presenteeism, that is, sick but at work, is a far greater cost to productivity than absenteeism.

For Brazil presenteeism is 3.6% of GDP vs 1.6% for absenteeism, a total of 5.2% of GDP, one of the highest



The projected economic cost of NCDs including early retirement as well as absenteeism and presenteeism

Percent GDP loss in 2030 due to NCDs (absenteeism/presenteeism and early retirement)*



Source: VISES estimates. Note: *Estimated GDP lost in 2030, discounted to 2010 USD.

Key takeaways

- **With aging populations, conserving labor supply by extending working lives becomes an issue for economic growth and development**
- **High and increasing levels of NCDs are imposing significant social and economic costs on economies and threaten economic development**
- **Need for government and business to work in partnership to address NCDs, for example through:**
 - Prevention and treatment – Workplace wellness programs, screening and early detection, health education, leveraging technology and innovation in delivery systems
 - Organizational innovation – A “whole of government” approach (i.e., dedicated interagency team) and “whole of society approach (i.e., national NCD action plan)
 - Financing – Innovative financing schemes
 - Healthcare infrastructure – Primary care and building a health workforce that includes allied workers and community practitioners