

Disrupt Aging and Health

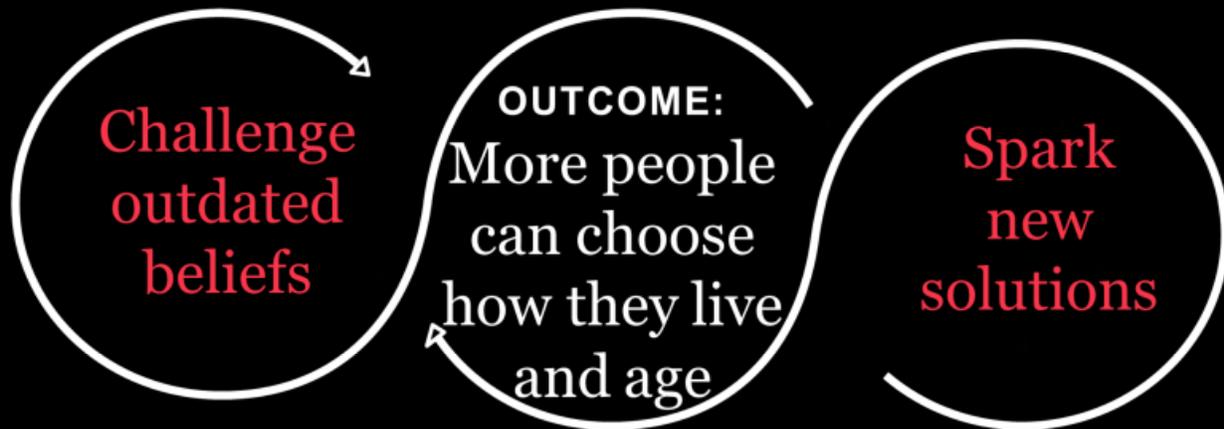
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- Good morning, everyone.
- We're at a unique time in our history when our increased longevity is coinciding with unprecedented innovations in biomedical research, genomics, health and technology.
- The convergence of these trends—with demand driven by an aging population and the development of new health and wellness-related products and services—will disrupt aging in ways previously unimaginable—allowing us to choose how we want to live and age.
- This is also an unprecedented market opportunity.

The Disrupt Aging approach



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So what do I mean when I talk about disrupt aging?

- We need to change the conversation in this country about what it means to grow older.
- We're seeing that: 1) The population is aging, and 2) The way we age is changing. But the stories we tell ourselves about aging haven't caught up. And many of the solutions available to us as we age are outdated.
- We need to challenge the outdated beliefs and stereotypes about aging and spark new solutions so more people can choose how they live and age.
- Giant opportunity. We don't have all the answers. We don't even have most of the answers.
- But, we believe that by joining together with innovative people and organizations, we can disrupt aging and spark those new solutions so more people can choose how they live and age.

Why Disrupt Aging and Health?

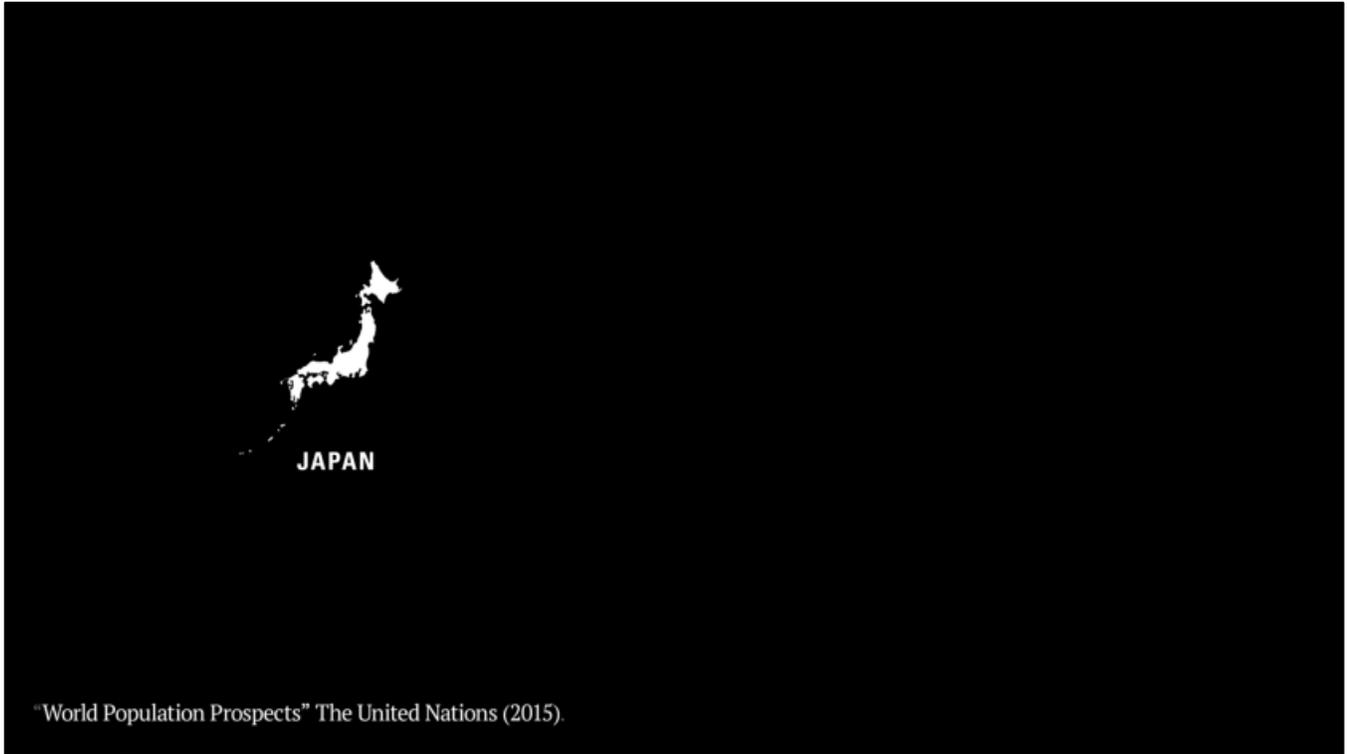
➤ The Demographic Shift

- ❑ 1900 = 47
- ❑ 1950 = 68
- ❑ 2015 = 79
- ❑ 2020 = 65 vs. 5
- ❑ 2060 = 25% over 65

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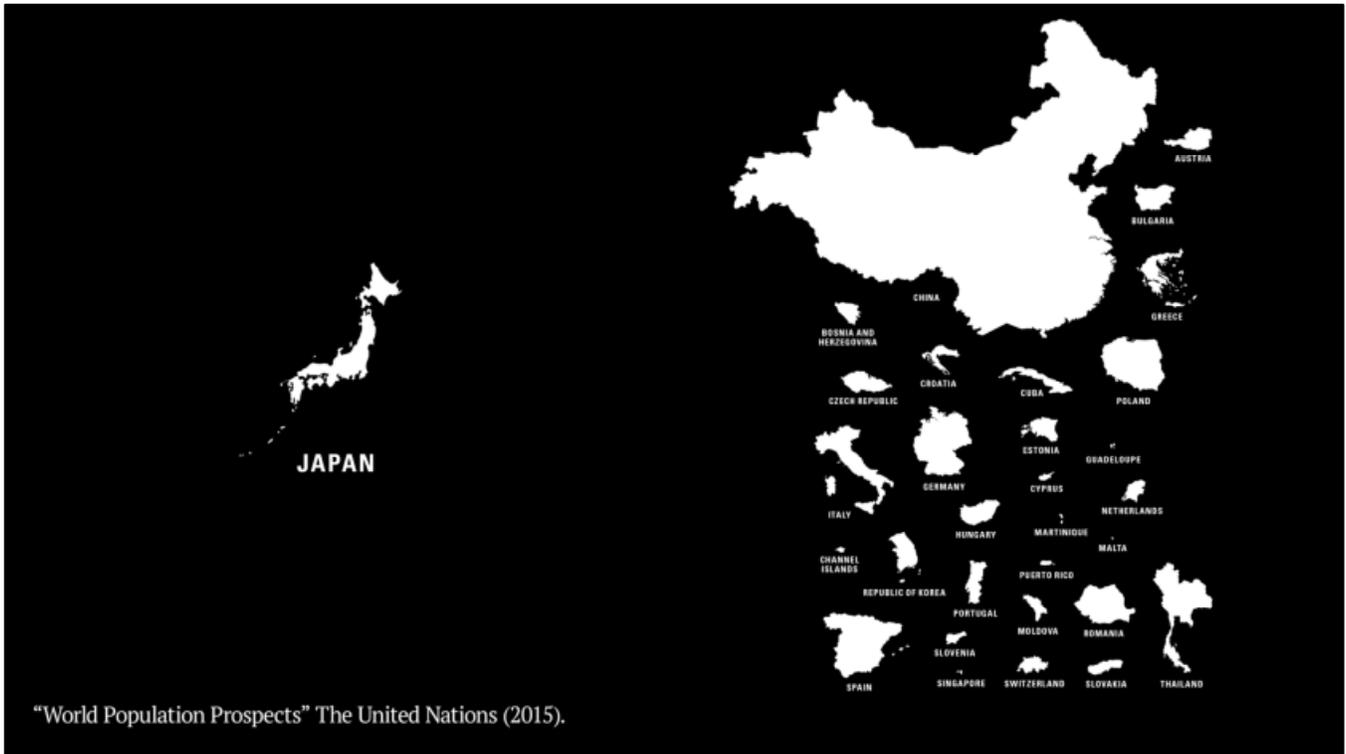
So, let's begin with why we need to disrupt aging and health.

- Huge demographic shift—more older people living longer and healthier than ever before.
- We all know that the world population is aging. But the scale of that shift is unprecedented.
- In 1900, life expectancy at birth was 47. By 1950 life expectancy had reached 68 (Social Security, penicillin, etc).
- Then in the 1950s, we introduced vaccinations against smallpox, polio and typhoid. In 1965, we introduced Medicare and Medicaid which provided even more Americans with access to healthcare. And, in the 1990s, we introduced significant measures to reduce tobacco use. By 2015, average life expectancy had increased to 79.
- To put this in perspective, by 2020, there will be more people over 65 than under 5 years of age. And, by 2060, nearly a quarter of the US population will be over 65. It's projected that by 2030, 70 percent of 8-year-olds will have a living great-grandparent.
- Two-thirds of the people who have ever lived to age 65 or older are alive today. And, it's not just more older people; it's healthier people living longer lives.



- This demographic shift is global. Think about Japan today. We see it as an old country.

Click to slide build.



By 2050, 31 countries, including China, will have an older population than today’s Japan.
 (Source: “World Population Prospects” The United Nations, 2015.)

- And it’s not just more older people: Again, it’s healthier people living longer lives.

Why Disrupt Aging and Health?

➤ The way people are aging is changing.

❑ 80% of boomers plan to work full or part-time past the traditional retirement age of 65.

❑ Longevity economy—\$7.6 trillion annually by people over 50.

❑ They spend 51 cents of every dollar

❑ Control 70% of disposable income.

➤ Yet, perceptions of aging have not changed.

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- **Because of all of this, we're living differently.** The traditional view of life was that we'd peak in the middle of our lives, retire, and go into decline.
- But as we're seeing at AARP, that isn't happening as frequently.
- People in their 50's experience more life transitions than in any other decade.
- People are going back to school, dating, switching careers...
- ...And continuing to work. The retirement boom of the last century isn't continuing into this century.
- Studies show that around **80% of boomers plan to work full or part time past the traditional retirement age of 65.**
- **As older consumers live longer and more active lives, they also spend more.**
- **People over the age of 50 in the U.S. generate \$7.6 trillion annually in economic activity.**
- If this were a country, it would be the third largest economy in the world behind China and the United States.
- **For every dollar spent in the U.S., 51 cents is spent by people over the age of 50.**
- **And, they're spending on similar things as younger people—housing,, transportation and cars, food and alcohol, healthcare, and entertainment.**
- **People 50+ control 70% of the disposable income in this country.**
- **Even as people are changing the way they age, many of our perceptions of aging and what it means to be older are not changing.**
- **Video.**



- **CLICK ON PLAY BUTTON AT BOTTOM OF SLIDE TO SHOW VIDEO**
- At AARP, we wanted to test some people's outdated beliefs about aging here's a video we did we see what people think of when they hear "old"
- As you see in that — our beliefs about aging don't match up to the reality of aging.

Why Disrupt Aging and Health?

➤ The way we think about health is changing.

- ❑ 90% of people 65+ want to age in place
- ❑ Technology makes that possible.



We're also changing the way we think about health.

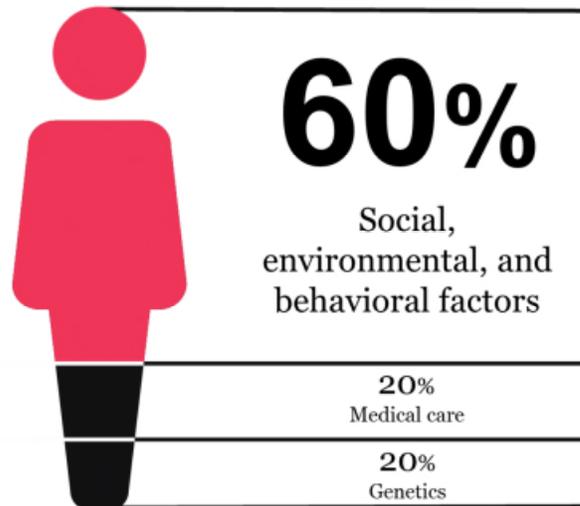
- We're discovering that it's increasingly possible to improve health in later years. We now know that changes in lifestyle and medical advances can increase our healthy lifespan and shrink the number of years spent with a disability.
- Healthcare is happening at home
 - 90% of people 65+ want to age in place
- Technology is allowing many to do that.
 - Mobile health adoption has increased two-fold in the last two years
 - 83% of people are willing to share their health data
 - Telehealth is huge now, but will grow. 72% of people ages 18-44 say they are willing to use telehealth to treat a mental health condition
 - Use of social media among the 65+ has tripled since 2010

We need a new vision of health that emphasizes well-being.

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- Because of all of this, we need a new vision of health that emphasizes overall well-being—both personally and at the societal level.
- We are coming to realize that our health has more to do with the choices we make each day in how we live our lives than it does from an occasional visit to the doctors office.
- We know today that a healthy lifestyle results in more disability-free years later in life. In fact, healthy lifestyles adds an average of 6.5 disability-free years after age 65.

Impacts on Health Outcomes



Source: Spark Consulting, "Managing Health & Wellness for the 50+ Community" UHC Medicare & Retirement & AARP 10

- We used to say that the secret to a long, healthy life was to choose your parents wisely, but today we know differently.
 - 60 % of our health status is due to social, environmental, and behavioral factors.
 - 20% is due to the medical care we receive, and
 - 20% is due to genetics.
- We need an integrated approach involving collaboration from all sectors of society—not just those in the health care system.
- I refer to this as the 3-Ps:
 - Personal Responsibility
 - Private Sector
 - Public Sector (community, state and national government)
- Creating this new culture of health that puts well-being at the center of our lives requires changing mindsets, expectations and values.

Four Shifts

FROM: Physical and mental diminishment

TO: Physical and mental fitness

FROM: Primary Focus on treatment

TO: Focus on prevention and well-being

FROM: Dependent Patients

TO: Empowered Users

FROM: Uncertain Access to Care

TO: Dependable Access to Care

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- To achieve it, we need four major shifts. **First, from physical and mental diminishment to physical and mental fitness.**
- Physical and mental diminishment—allows things to happen to us.
- Physical and mental fitness—we make things happen for us.
- Two examples: One on the positive side and one negative.
 - On the positive side—A Sense of Purpose: People with a sense of purpose generally enjoy better health.
 - On the opposite side--Loneliness—It's the new smoking—equivalent to smoking 15 cigarettes a day.
- **Second: From Primary focus on treatment to Focus on prevention & well-being.** We're taking more responsibility for our own health, seeking more and better information and tools to help us make healthier decisions—before we get sick. and tools to help us adopt lifestyle changes that lead us toward physical and mental fitness and enhance our well-being—not just treat our ailments.
- People are looking to technology to provide innovative solutions to help them do this (e.g., wearables, robotics, AI, advancements in treatment and management of chronic diseases and conditions).
- **Third: From Dependent Patients To Empowered Users.** People today want to be active partners in their health care instead of being a dependent patient.
- One important example of this is hearing loss. Hearing loss increases with each decade of life:
 - By the time people reach their 70s, 2/3 of the population has significant hearing loss.

- The World Health Organization estimates that 1.1 billion teenagers and young adults are at risk of noise induced hearing loss, so the impact could grow even more as they age.
- Given the stigma of hearing loss, the average adult waits 7-10 years to get a hearing device. By then, their brains have lost the ability to interpret sound. And of all adults who could benefit, only 20-30% purchase hearing aids.
- **Fourth: From Uncertain Access to Care To Dependable Access to Care.** Health care is more than health insurance. It's also about
 - Receiving the right kind of care that addresses our desire to maintain a vital lifestyle.

Nine Areas of Opportunity



AARP forecasts that products and services in these areas have the potential to be adopted by over 100 million people by 2020.



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- For companies and organizations ready to challenge outdated beliefs and stereotypes about aging and create new, innovative, technology-driven solutions, this is an incredible market opportunity. You can see on this slide the areas where we believe real opportunities exist. Here are a few examples.
- ARC Report—Japan (*Watch Over* service) and Israel (*Here We Live* program)
- Scale local to national.

Be the Change You Want to See

AARP Initiatives to Disrupt Aging and Health

- Ethel's Story
- Everyday Innovators in Aging
- The AARP Innovation Fund
- Health Care Transformation
- AARP Foundation Health Innovations
- Advocacy—National, State & Local

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- I'm excited about the work we're doing at AARP to Disrupt Aging & Health
- The Hatchery—Ethel's Story
- Everyday Innovators in Aging
- The AARP Innovation Fund
 - \$40 million investment fund with JP Morgan Private Equity Group
 - Directly invest in companies in three health-related areas: (1) Aging at home, (2) Convenience and access to health care, and (3) Preventive Health
- Health Care Transformation
 - Collaboration with Healthcare companies to change the way we age, improve outcomes and experience, and make care more affordable (Quality over Quantity).
- AARP Foundation Health Innovations
 - Through our Foundation we're providing grants to other non-profits & partners to address many issues facing low-income, vulnerable people—in health.
- Our Advocacy—National, State & Local

Conclusion

When we disrupt aging and health, we begin to:

- Embrace aging as something to look forward to; not something to fear
- See it as a period of growth; not decline
- Recognize the opportunities; not just the challenges, and
- See ourselves and others as contributors to society; not burdens.

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- For companies and organizations ready to join in this effort to disrupt aging in the area of health, you will find tremendous opportunities.