

# Key messages from the Ageing Report on the fiscal sustainability of health and long-term care systems

Navigating the future:

Challenges and opportunities of longevity in Europe

Santiago Calvo Ramos and Boriana Goranova

European Commission DG ECFIN C2

1. Introduction
2. Expenditure drivers
3. Projection results: Health care
4. Projection results: Long-term care
5. Policy implications
6. Conclusions

1. **Introduction**
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# Health care in the EU: Stylised facts

- Public expenditure on health care including capital expenditure and excluding long-term care is between 4% and 8% of GDP in EU MS
- Universal health care is the rule in virtually every EU Member State
- However, there are still significant differences in accessibility and quality of care across EU Member States

# Long-term care definition

- Long-term care helps dependent people carry out (i) Activities of Daily Living like washing themselves, getting in and out of bed and eating and (ii) Instrumental Activities of Daily Living like cooking, shopping, using the phone, managing their finances, etc.
- It can be provided formally or informally and funded privately or from the public purse.
- It can be provided in a care home, in the private home of the recipient or as cash benefits.

# Long-term care in the EU: Stylised facts

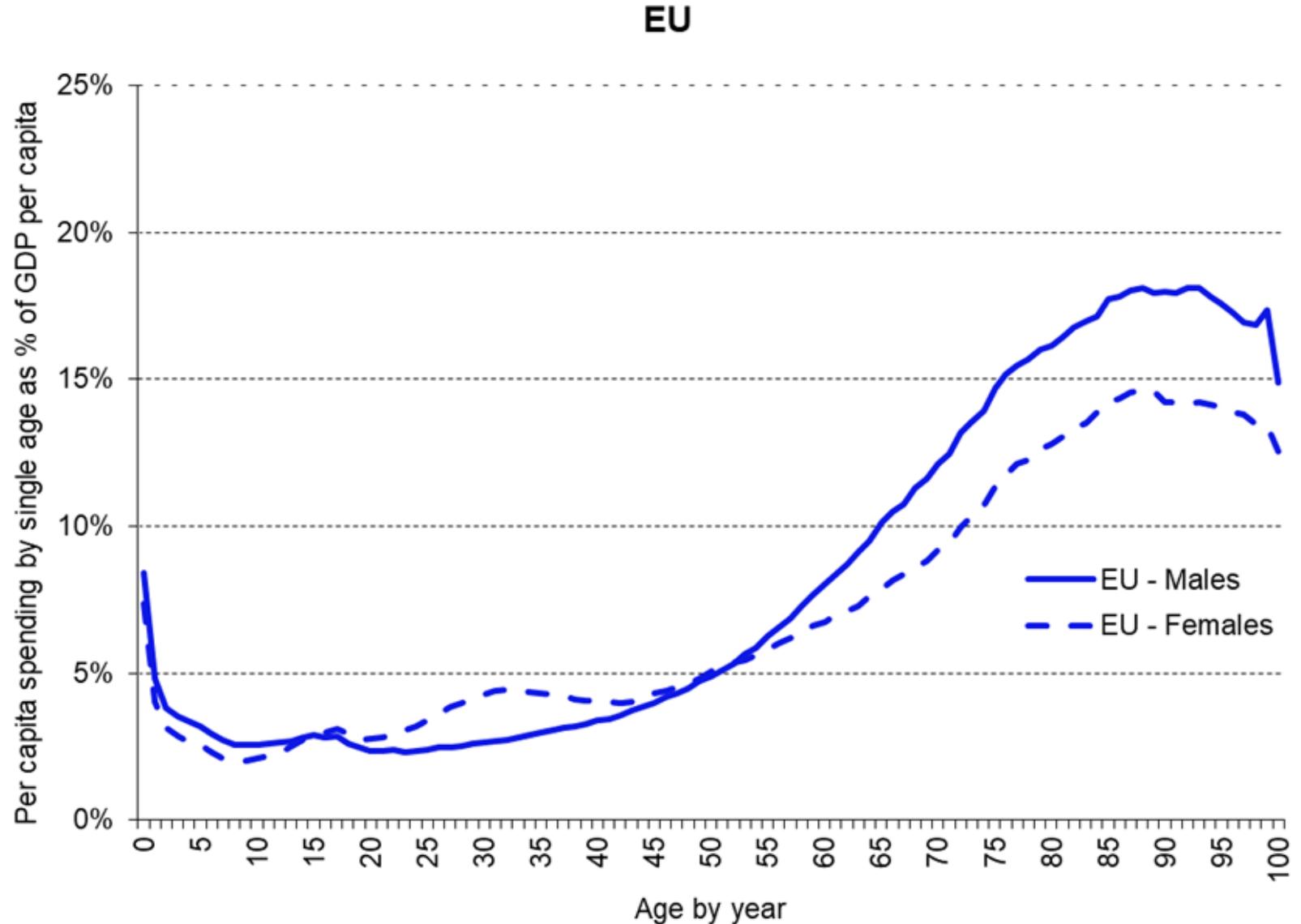
- Public expenditure on long-term care is between 0.1% and 3.8% of GDP in EU MS
- EU public LTC systems are very heterogenous but are typically highly fragmented.
- Long-term care private sector coverage is limited due to market failures, but few EU MS have public universal coverage.
- As a result, many EU MS rely on informal care provided by unpaid relatives, with uneven quality of care and an economic burden through reduced labour market participation of carers, worse health outcomes, etc.

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# The 2024 Ageing Report: Demographic determinants of health care expenditure

Age-cost profile for health-care expenditure:

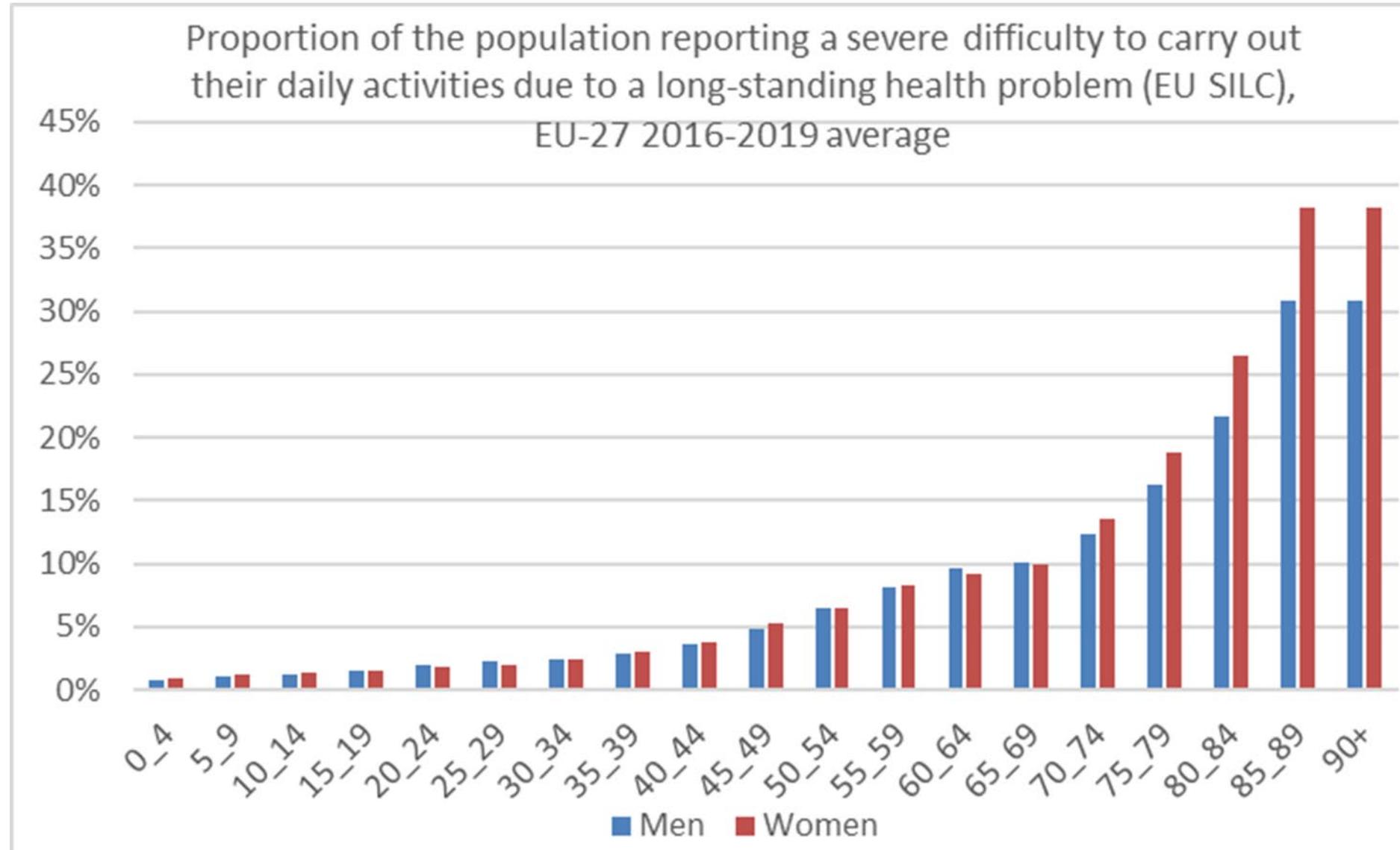
- Costs of health care tend to increase with age
- Ageing of the population will mean a greater proportion of the population will be in the more expensive categories



# The 2024 Ageing Report: Demographic determinants of long-term care expenditure

## Age-Disability profile

- Likelihood of disability increases with age
- Ageing of the population will mean a greater proportion of the population will be in the age-categories in which disability is more likely



# Non-demographic determinants of expenditure

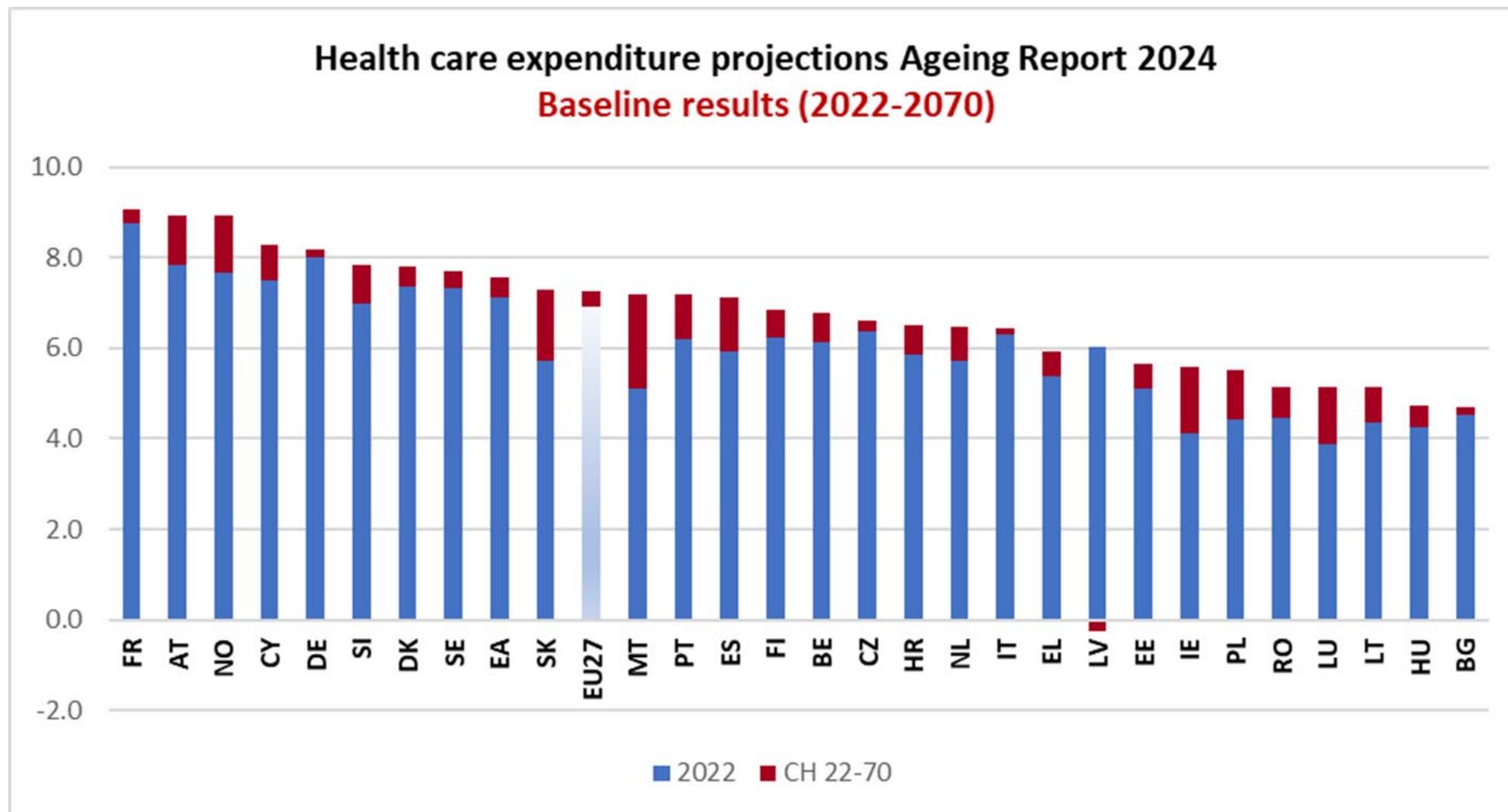
Non-demographic factors are also key drivers of expenditure growth:

- Innovative technologies, new pharmaceuticals etc. can be very expensive, even when they are cost-effective (**health care**)
- Both health care and long-term care are labour-intensive. Staff are a significant cost driver. Health care and long-term care staff are, in principle, less likely to be replaced through AI and technology than in other sectors (both **health care** and **long-term care**)
- Increased public demand for higher quality of care and greater coverage is likely as countries grow richer (both **health care** and **long-term care**, but particularly the latter)
- Changes in social norms and lifestyles can reduce the availability of informal **long-term care**.

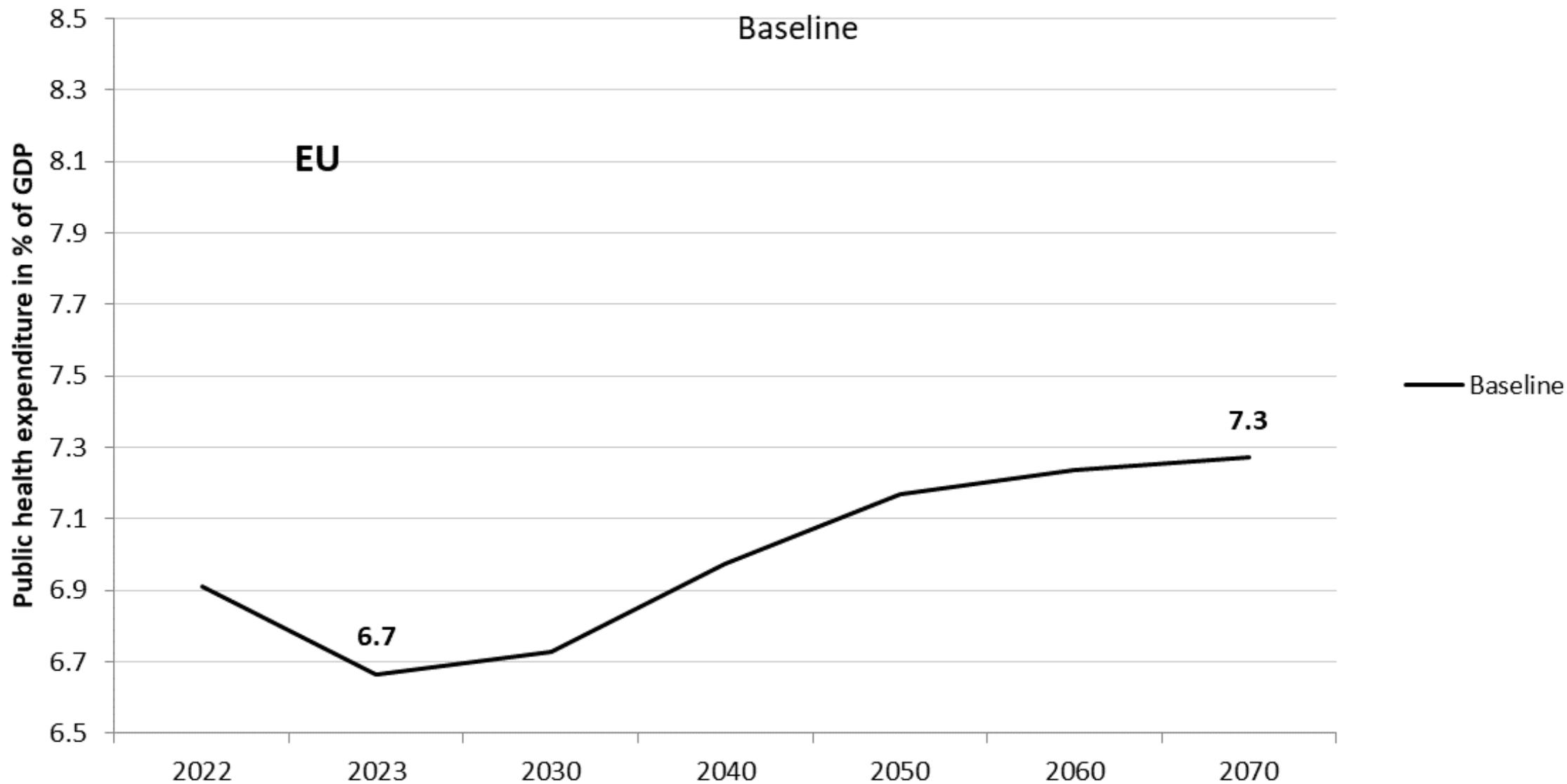
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# The 2024 Ageing Report: Health Care expenditure projections

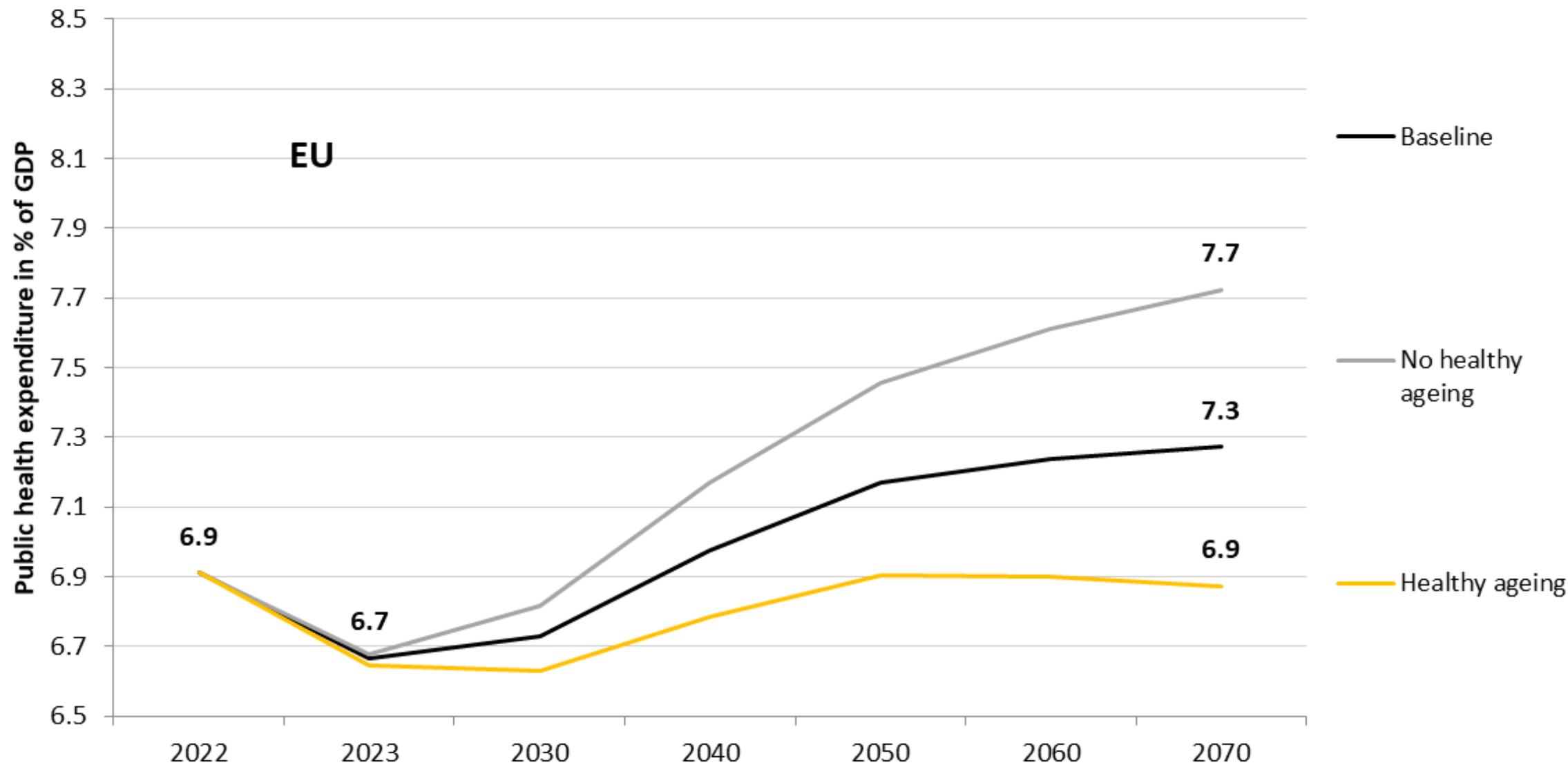
## Impact of ageing population and increasing national income on future public spending on healthcare (baseline)



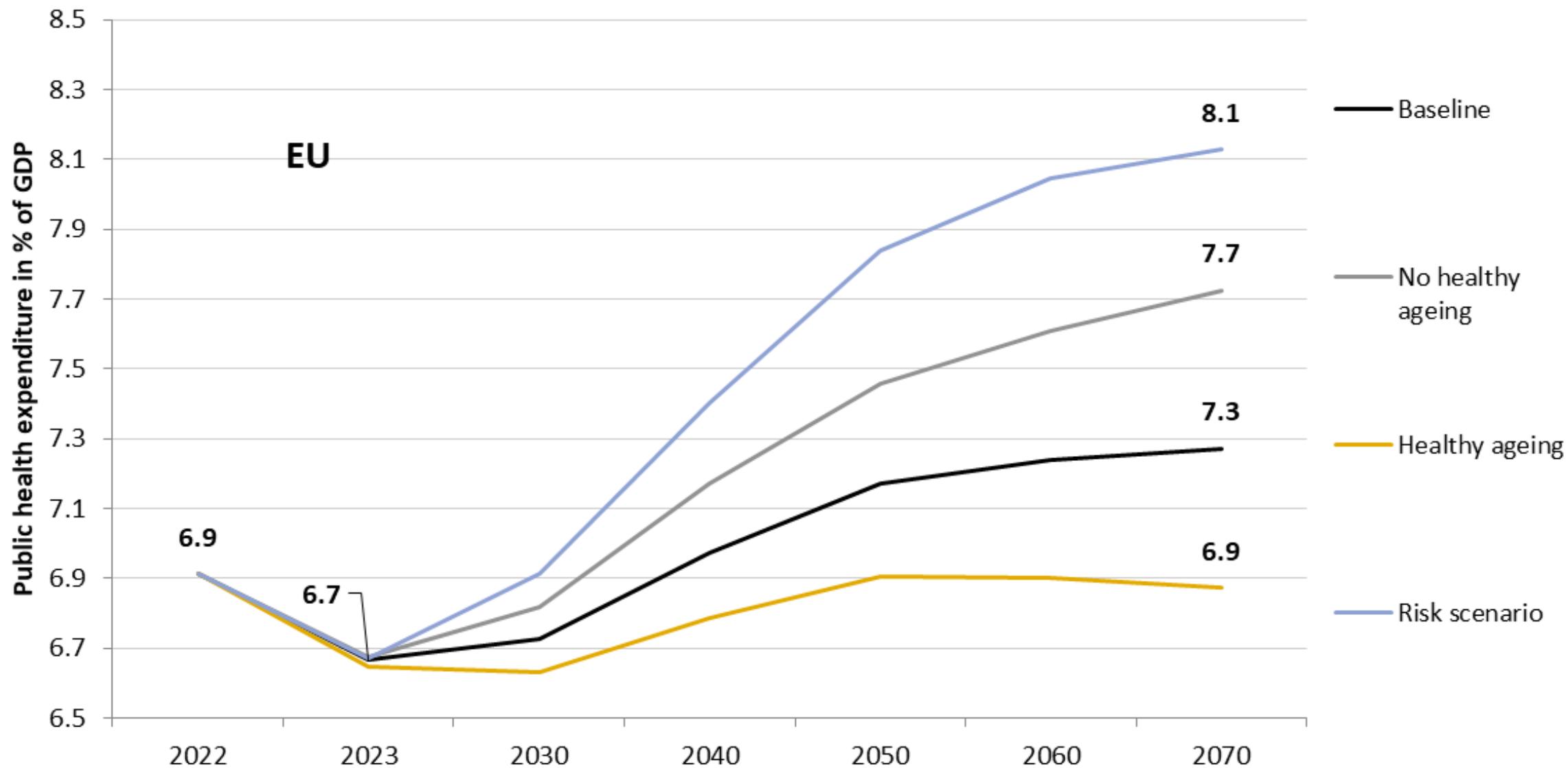
# The 2024 Ageing Report: Health Care expenditure projections



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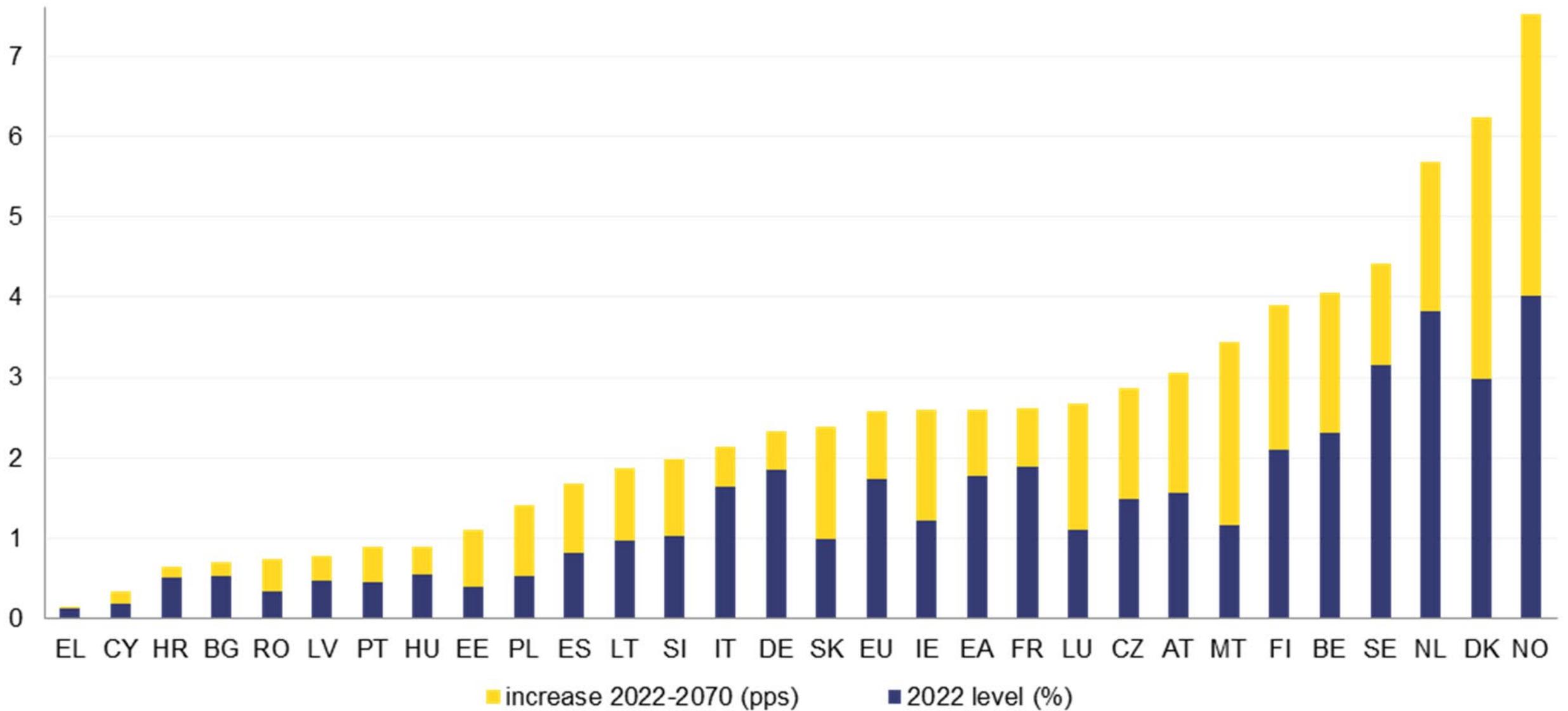


# The 2024 Ageing Report: Health Care expenditure projections

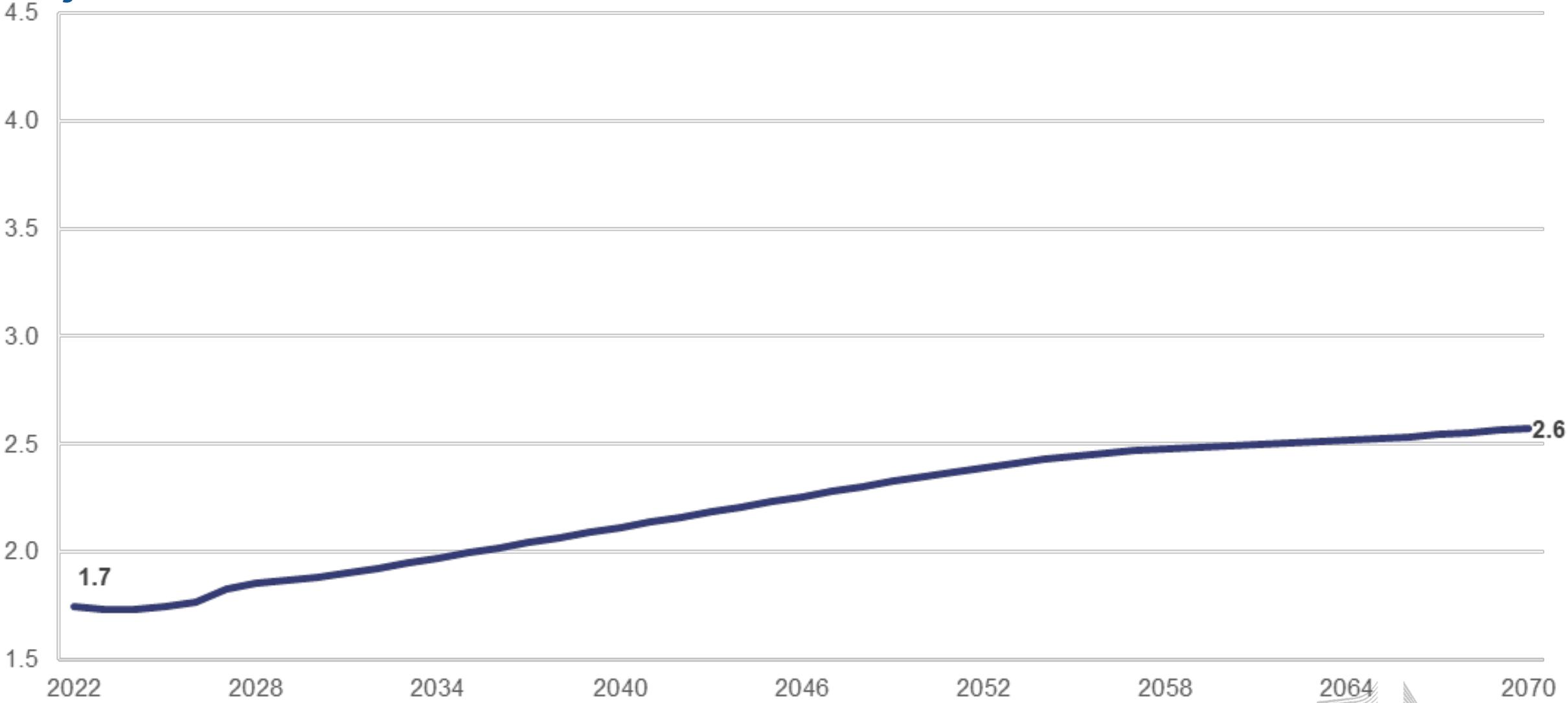


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# The 2024 Ageing Report: Long-Term Care expenditure projections: Baseline



# The 2024 Ageing Report: Long-Term Care expenditure projections



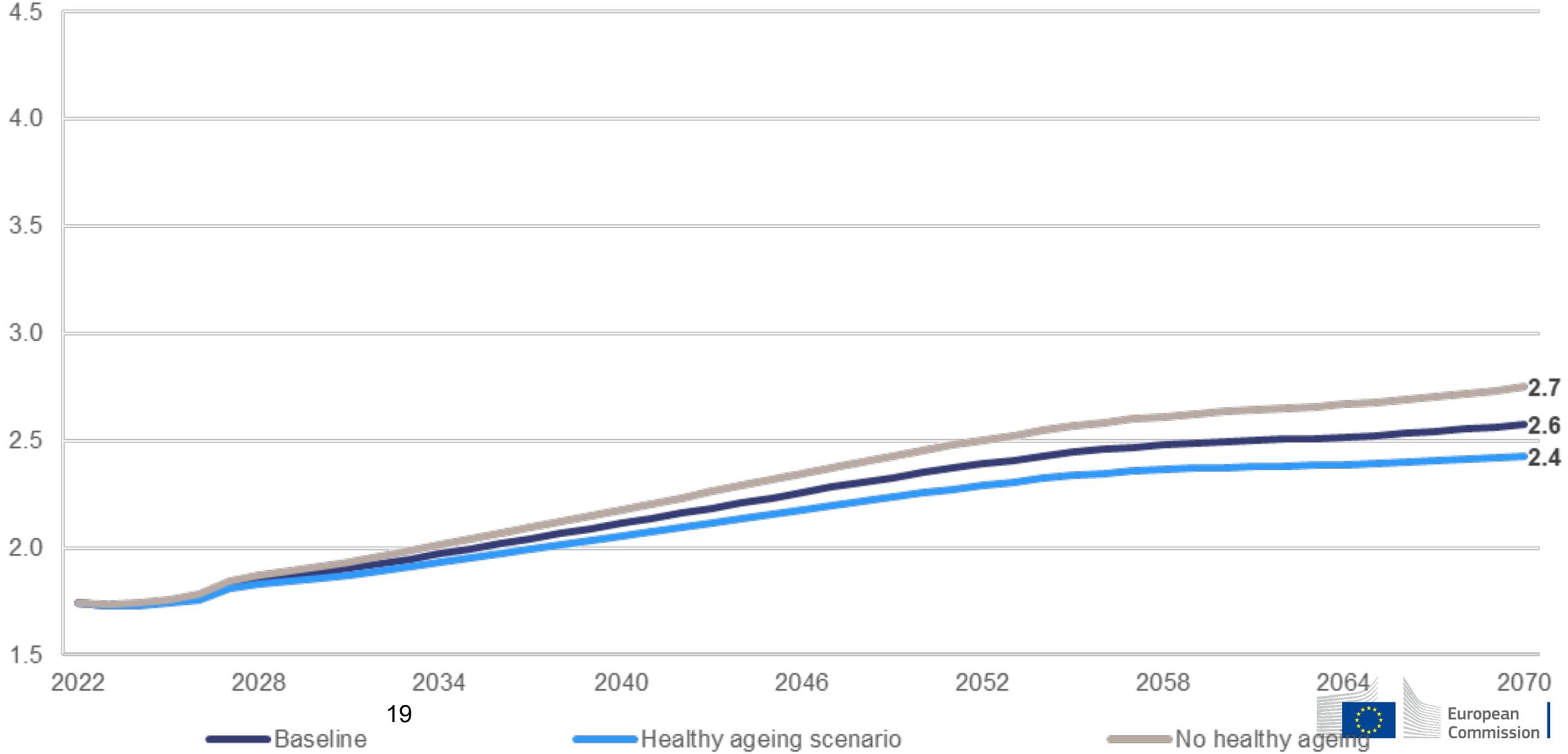
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Source: 2018 Ageing Report

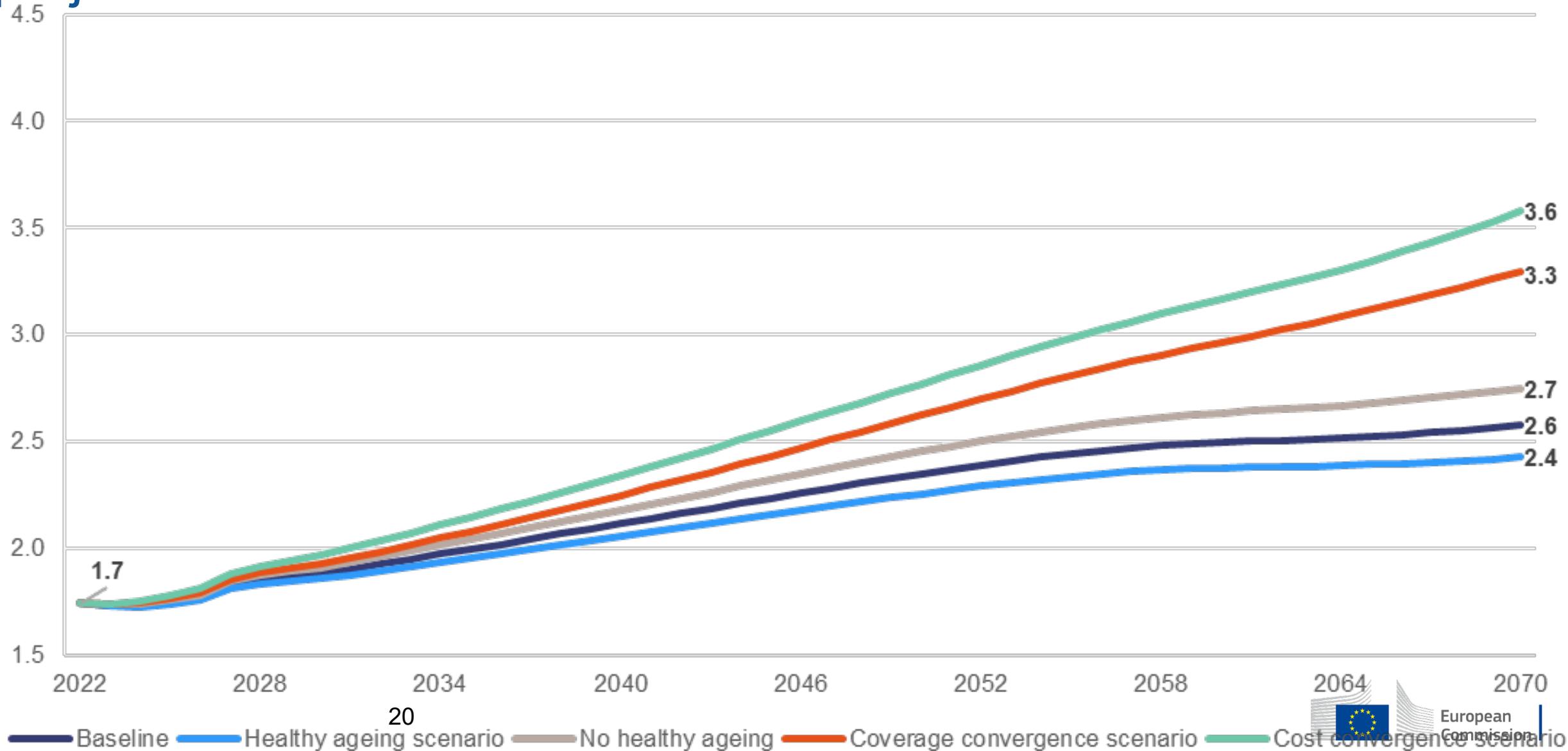
— Baseline



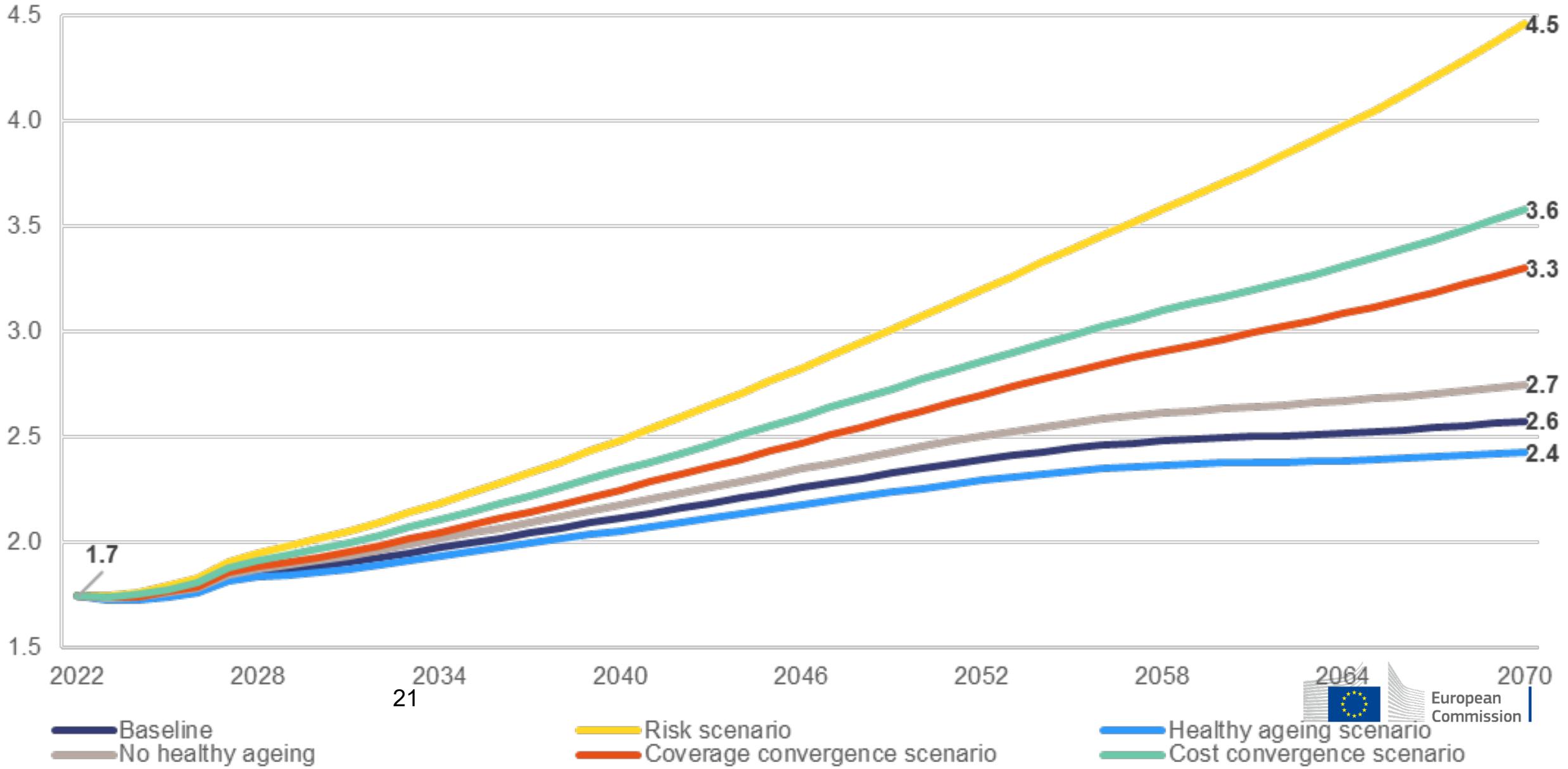
# The 2024 Ageing Report: Long-Term Care expenditure projections



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# Will the projected increase in health and long-term care expenditure put at risk the **medium and/or long-term fiscal sustainability** of EU Member States?

*EU specific: fiscal sustainability assessment  
in the context of the principles enshrined in the Treaties and the  
Stability and Growth Pact fiscal rules*

European Commission > ... > Economic and fiscal policy coordination > EU Economic governance: monitoring, prevention, correction >

## Stability and Growth Pact

The Stability and Growth Pact (SGP) is a set of rules designed to ensure that countries in the European Union pursue sound public finances and coordinate their fiscal policies.

## What to do?

Should we cut accessibility/quality of care or improve efficiency?



Focus on structural reforms to improve efficiency /cost-effectiveness

# Health Care

## **Structural reforms to improve fiscal sustainability (Joint Report)**

- Effective budgeting governance and control
- Rebalancing from hospital towards primary care
- Integrated care (across HC but also with LTC)
- Increasing efficiency of hospital care (use of day care where appropriate, swift transfer to long-term care)
- Benchmarking performance (national and international)
- Prioritising prevention and healthy behaviours
- Cost-effective purchasing of pharmaceuticals and medical supplies (use of generics and biosimilars, regulation of prices, central procurement, etc.)
- Workforce planning (adequate number and mix of doctors/nurses/other)

# Long-Term Care

## **Structural reforms to improve fiscal sustainability (Joint Report)**

- Ensuring good governance and cooperation between public authorities across government
- Ensuring sufficient and stable financing
- Using appropriate care setting (home/institutional care/cash benefits)
- Integrated care (across LTC but also with HC)
- Benchmarking performance on quality and efficiency of care
- Target public funding according to recipient's need, focus on recipients who need care the most and can least afford to pay for it
- Workforce planning (carers, nurses)
- Support family carers, while not discouraging labour market participation

# European Semester and new Economic Governance Framework

- The sustainability and adequacy of Member States' healthcare and long-term care systems addressed in the European Semester and Country-Specific Recommendations (CSRs) have been issued since 2011.
- Under the revised Economic Governance Framework, from 2025, CSRs will suggest priorities for reforms and investments in the new national medium-term fiscal-structural plans.
- Fiscal adjustment over a longer period of time, provided MS commit to reforms and investments supporting fiscal sustainability and improving growth (among other criteria).
- Fiscal sustainability analysis and approach will remain the same, with a focus on efficiency improvements.

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# Key messages from the Ageing Report on the fiscal sustainability of health and long-term care systems

- Public expenditure on health and long-term care is set to increase due to ageing and non-demographic factors
- This is likely to lead to greater pressure on public finances in a number of Member States
- The provision of accessible, good quality care in the future will require improving the efficiency of health and long-term care
- From 2025, the new Economic Governance Framework will underlie the Country Specific Recommendations on fiscal sustainability

**Thank you for your attention!**

**Ageing Report 2024' available at:** [https://economy-finance.ec.europa.eu/publications/2024-ageing-report-economic-and-budgetary-projections-eu-member-states-2022-2070\\_en](https://economy-finance.ec.europa.eu/publications/2024-ageing-report-economic-and-budgetary-projections-eu-member-states-2022-2070_en)

**'Joint Report on Health Care and Long-term Care systems & Fiscal Sustainability' by ECFIN-Ageing Working Group (EPC), available at:**

[https://ec.europa.eu/info/publications/economy-finance/joint-report-health-care-and-long-term-care-systems-fiscal-sustainability-0\\_en](https://ec.europa.eu/info/publications/economy-finance/joint-report-health-care-and-long-term-care-systems-fiscal-sustainability-0_en)

[https://ec.europa.eu/info/publications/joint-report-health-care-and-long-term-care-systems-and-fiscal-sustainability-country-documents-2019-update\\_en](https://ec.europa.eu/info/publications/joint-report-health-care-and-long-term-care-systems-and-fiscal-sustainability-country-documents-2019-update_en)