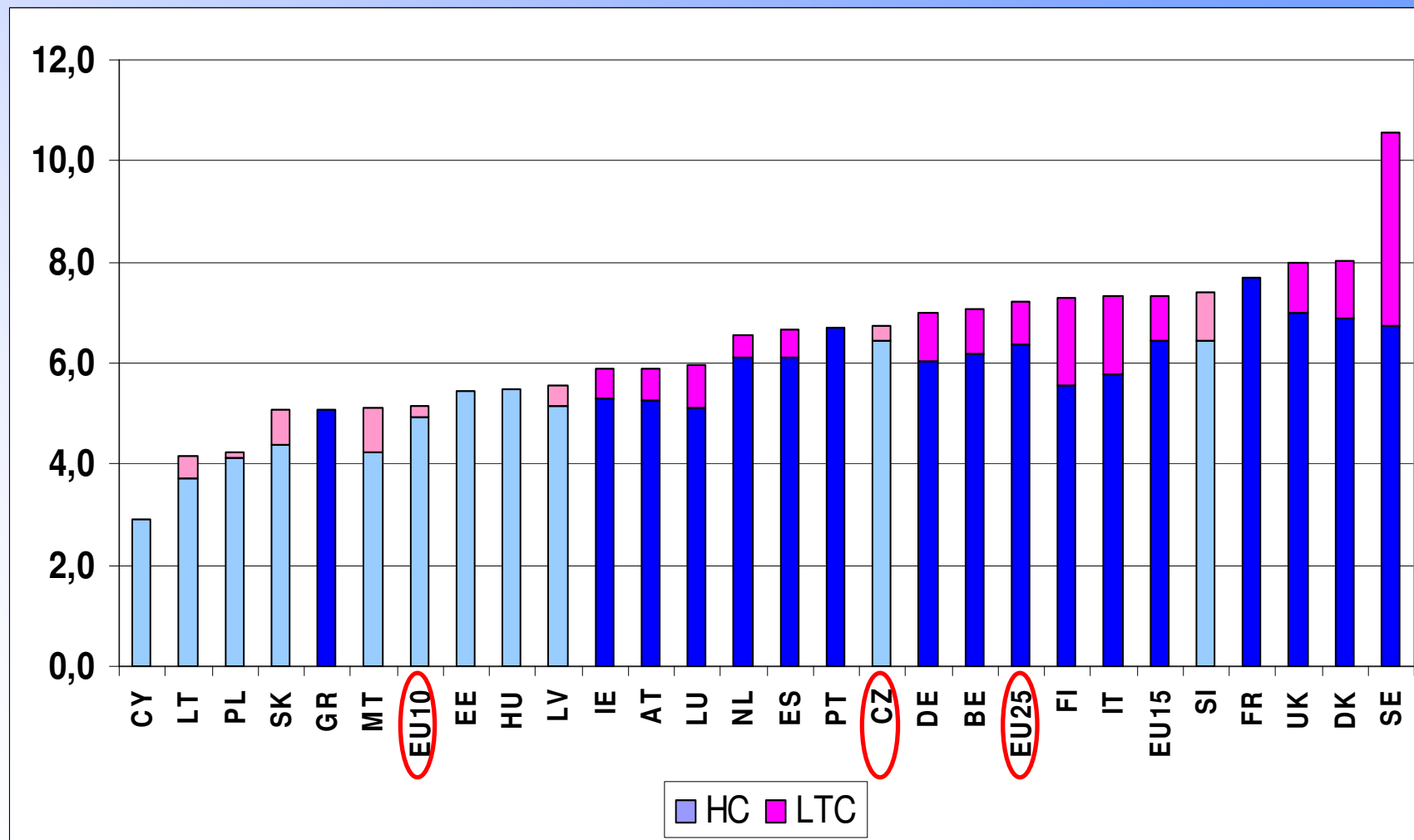
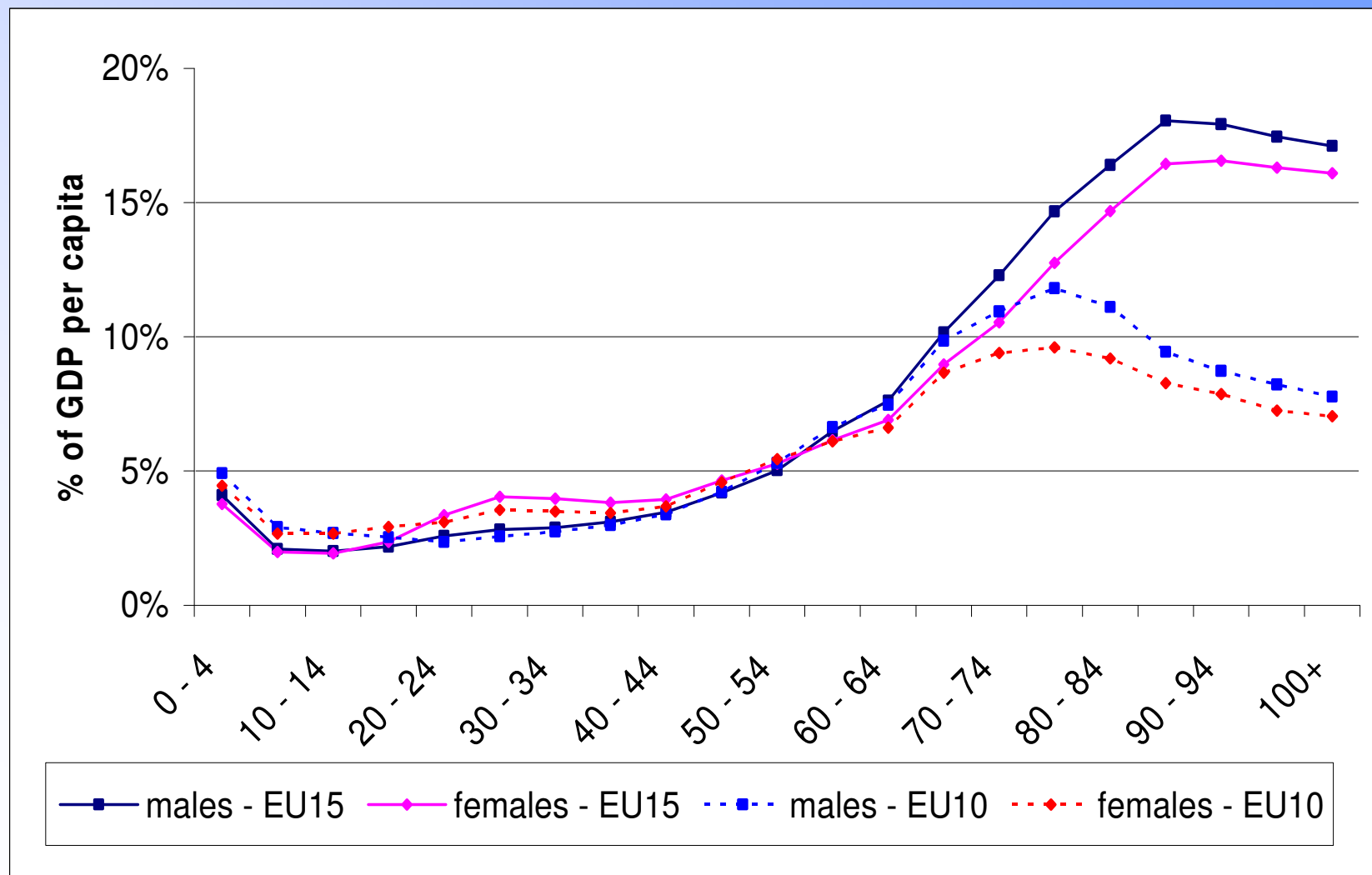


**Health care**

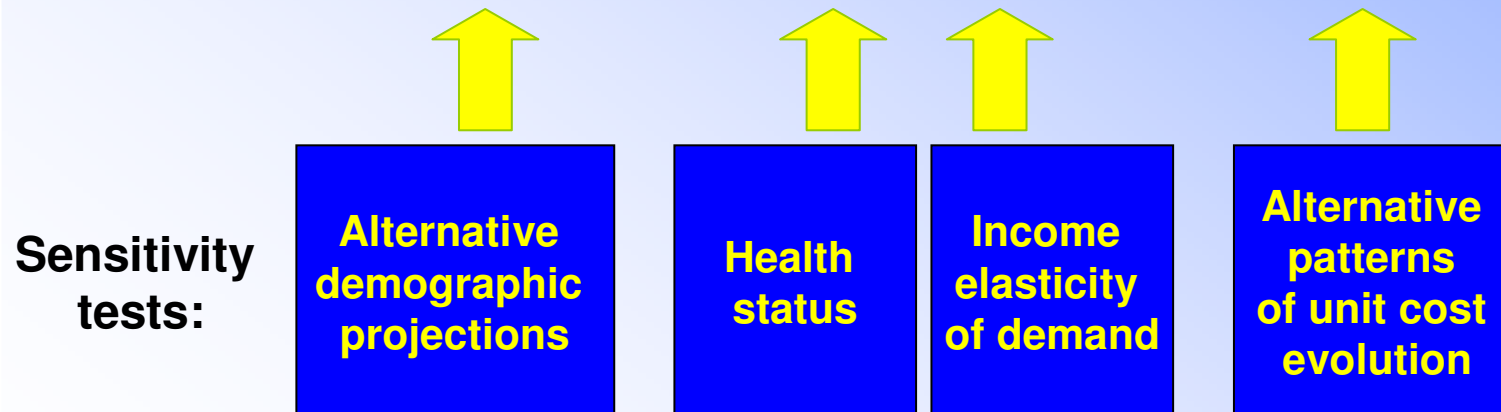
## Health care and long-term care spending as % of GDP in 2004



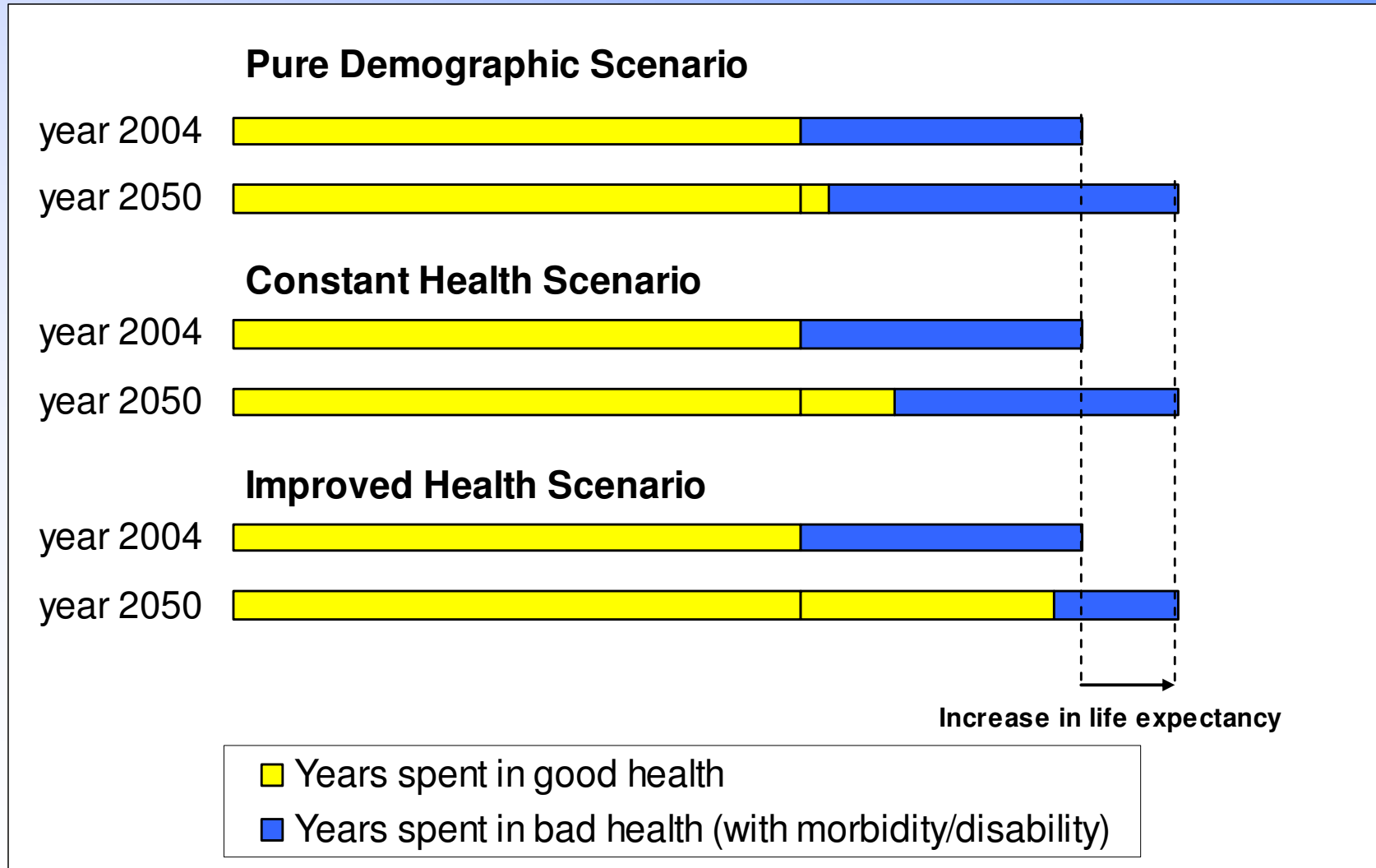
## Age-related expenditure profile EU15 & E10



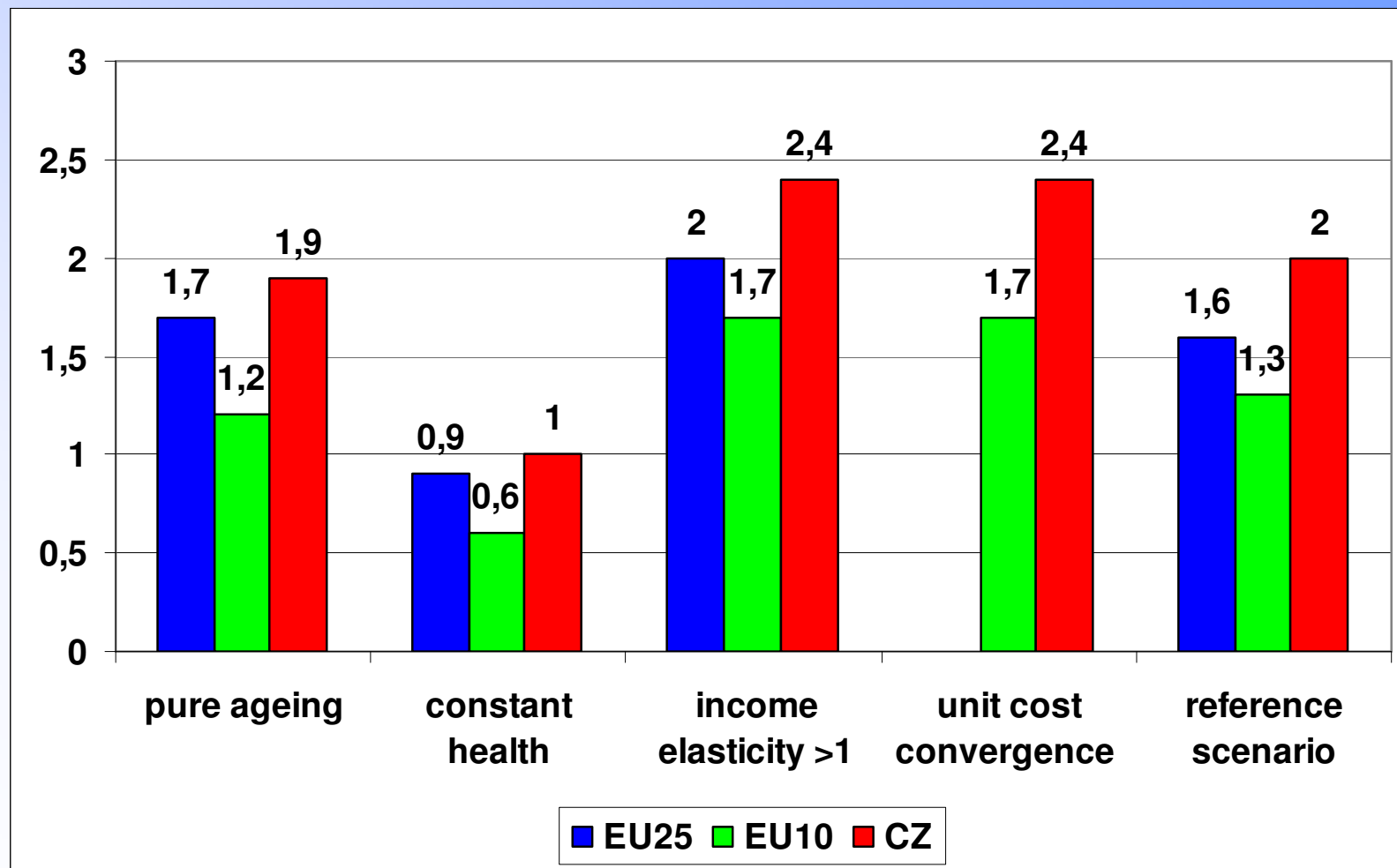
*Simple basic methodology,  
but several sensitivity tests*



# Health status scenarios



# Increase in public health care expenditure 2004-2050 (% of GDP)



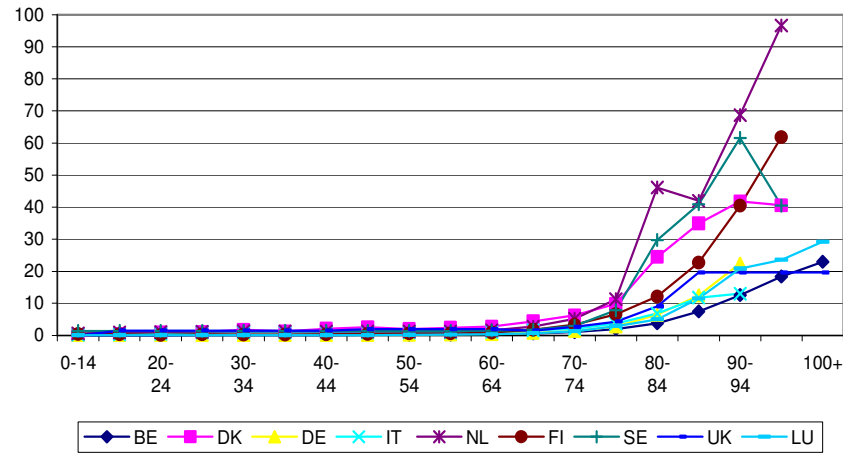
# Main findings on health care

- Ageing leads to strong increase in spending
- Health status, rather than age, drives demand for care. Therefore, improvement in health status would substantially offset ageing effects
- Less progress made in modelling supply side factors (technology, prices in health care sector, institutional setting) that tend to push up spending
- Potential need to rebalance various types of care as a consequence of ageing and changing morbidity patterns

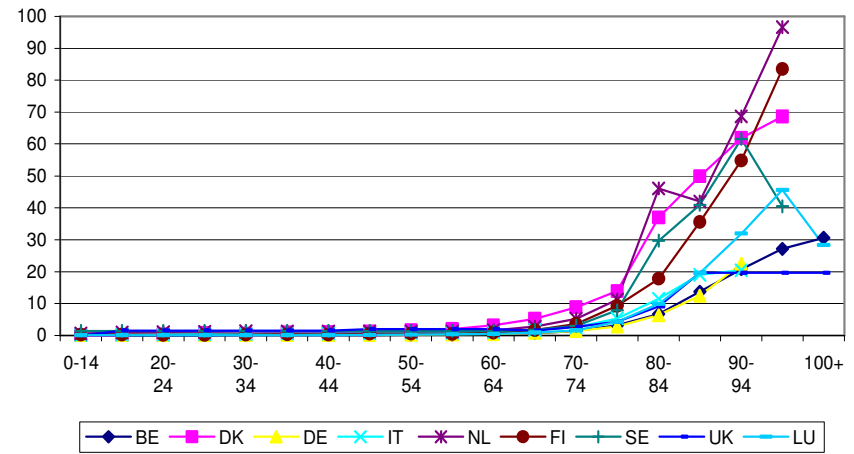
# Long-term care

# Per capita cost rises with age

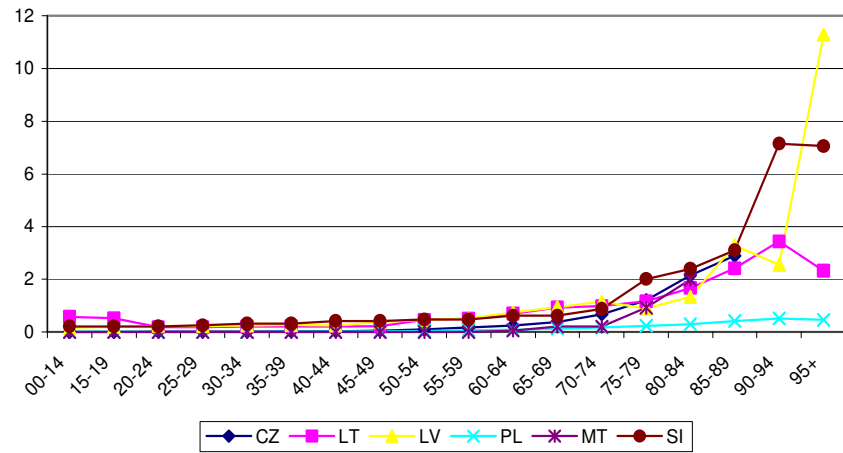
EU15 - males



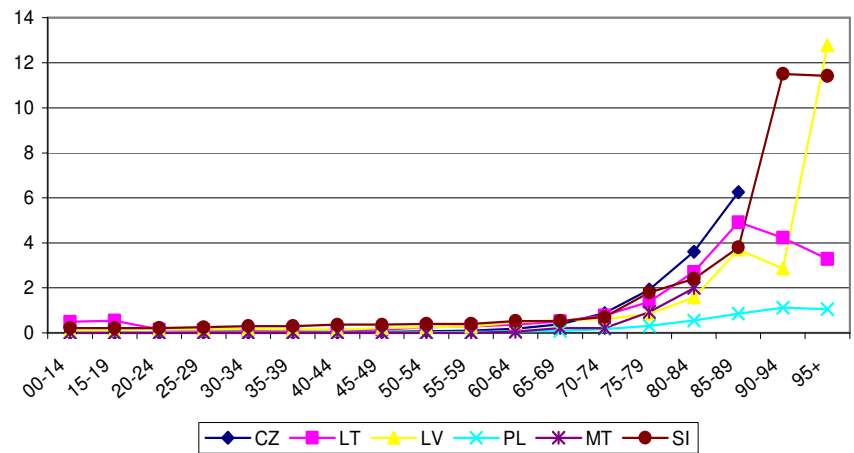
EU15 - females



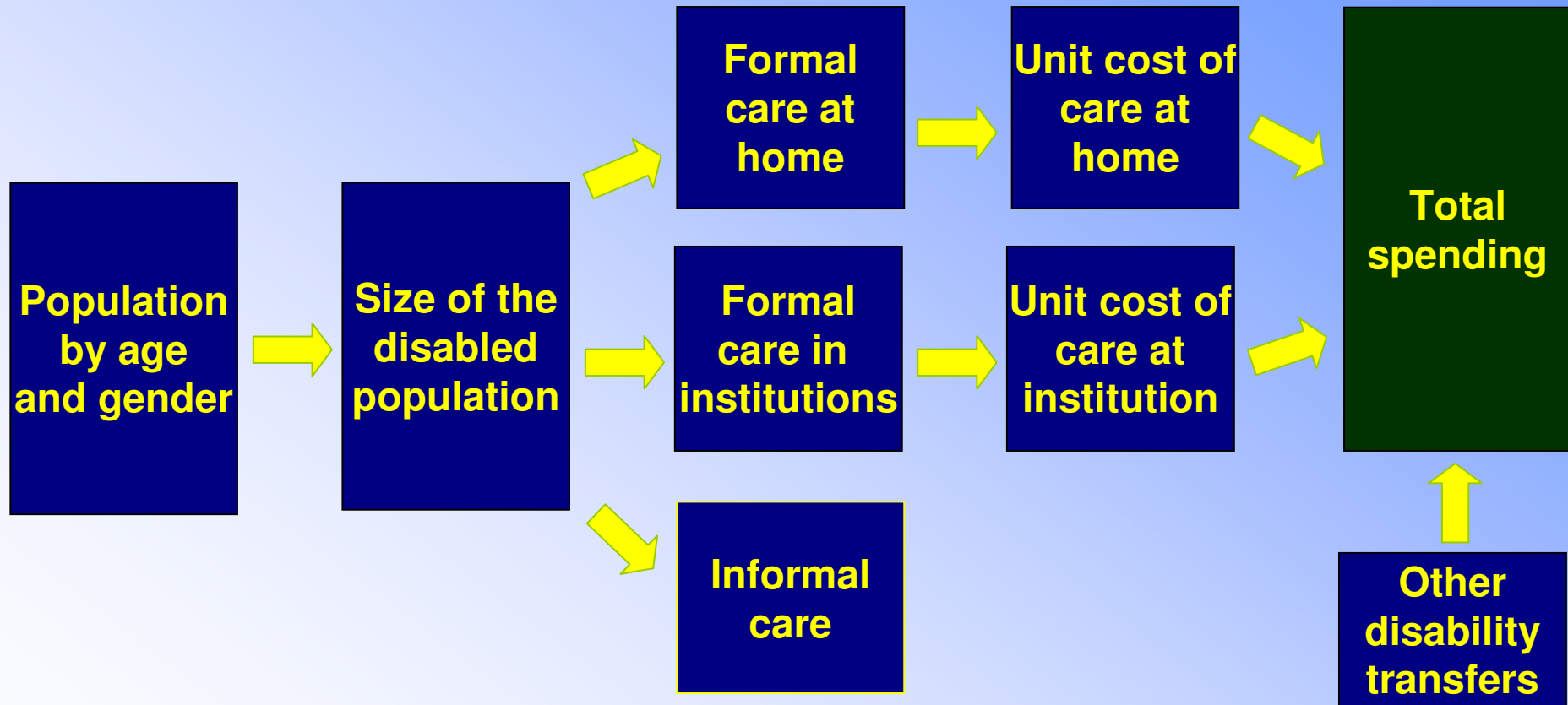
EU10 - males



EU10 - females

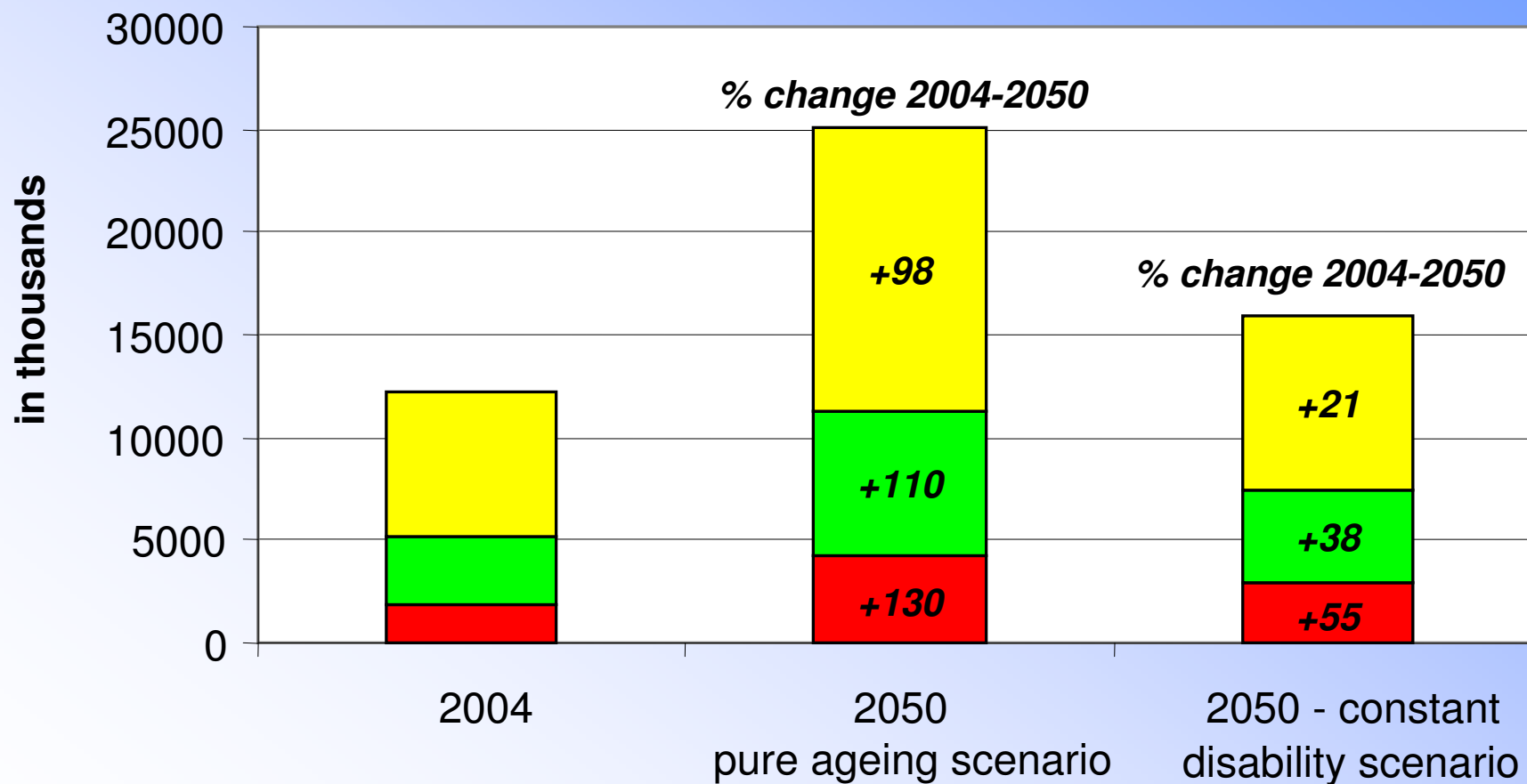


# Model structure for long-term care

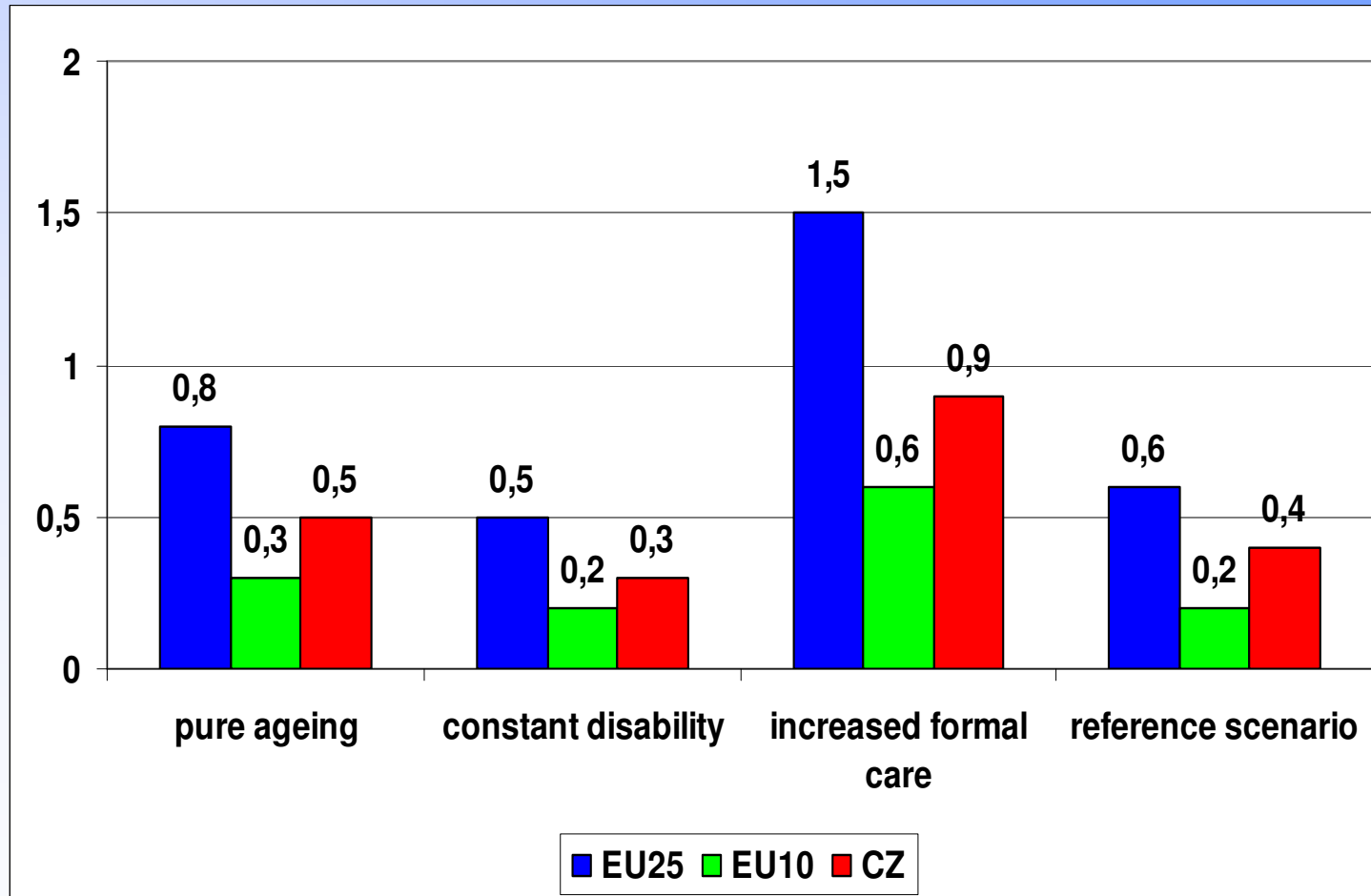


# Projection of dependent population – EU25

■ Formal care in institutions   ■ Formal care at home   ■ Informal or no care



# Increase in public long-term care expenditure 2004-2050 (% of GDP)

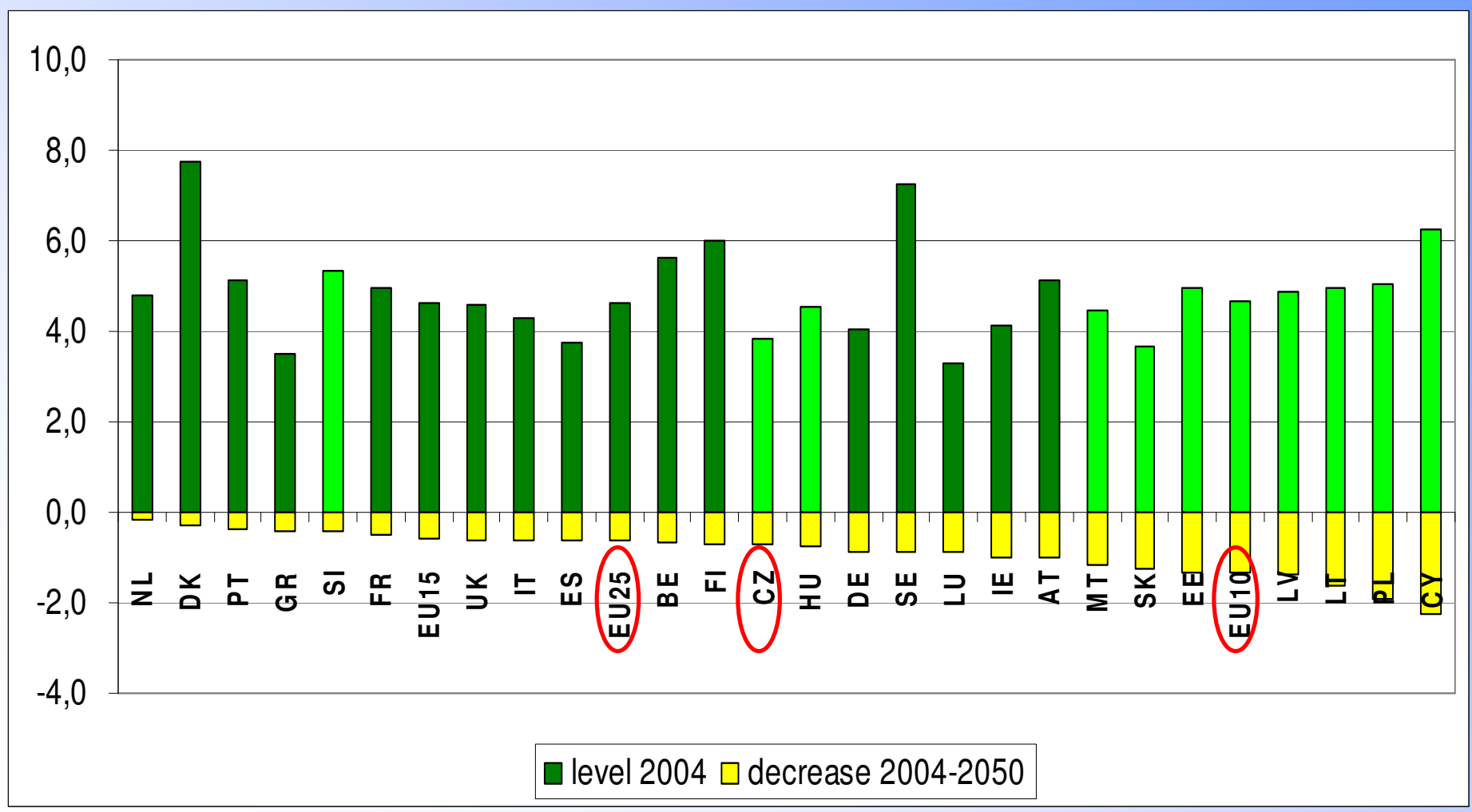


## *Main findings on long-term care*

- Strong impact of ageing populations on long-term care expenditure
- Significant divergences in projection results due to different starting levels of LTC provision/financing
- Close links with labour market issues: growing employment rate, increasing participation of women, higher retirement age lead to growing need for **formal** LTC provision
- Need to reconcile two opposite trends: increasing need for formal LTC provision and/or growing pressure on public finances

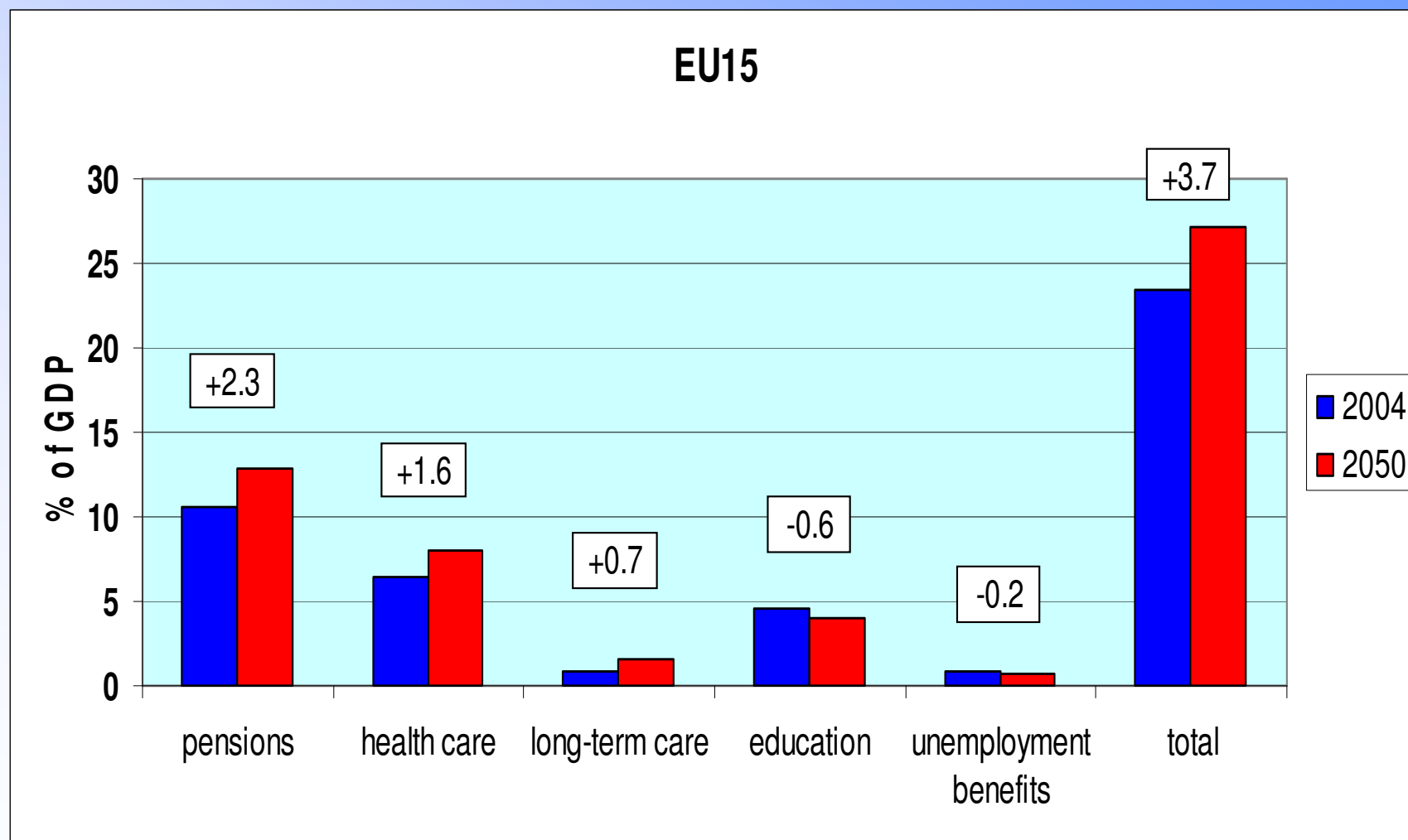
# Education

# Education expenditure (2004 level and change by 2050) in % of GDP

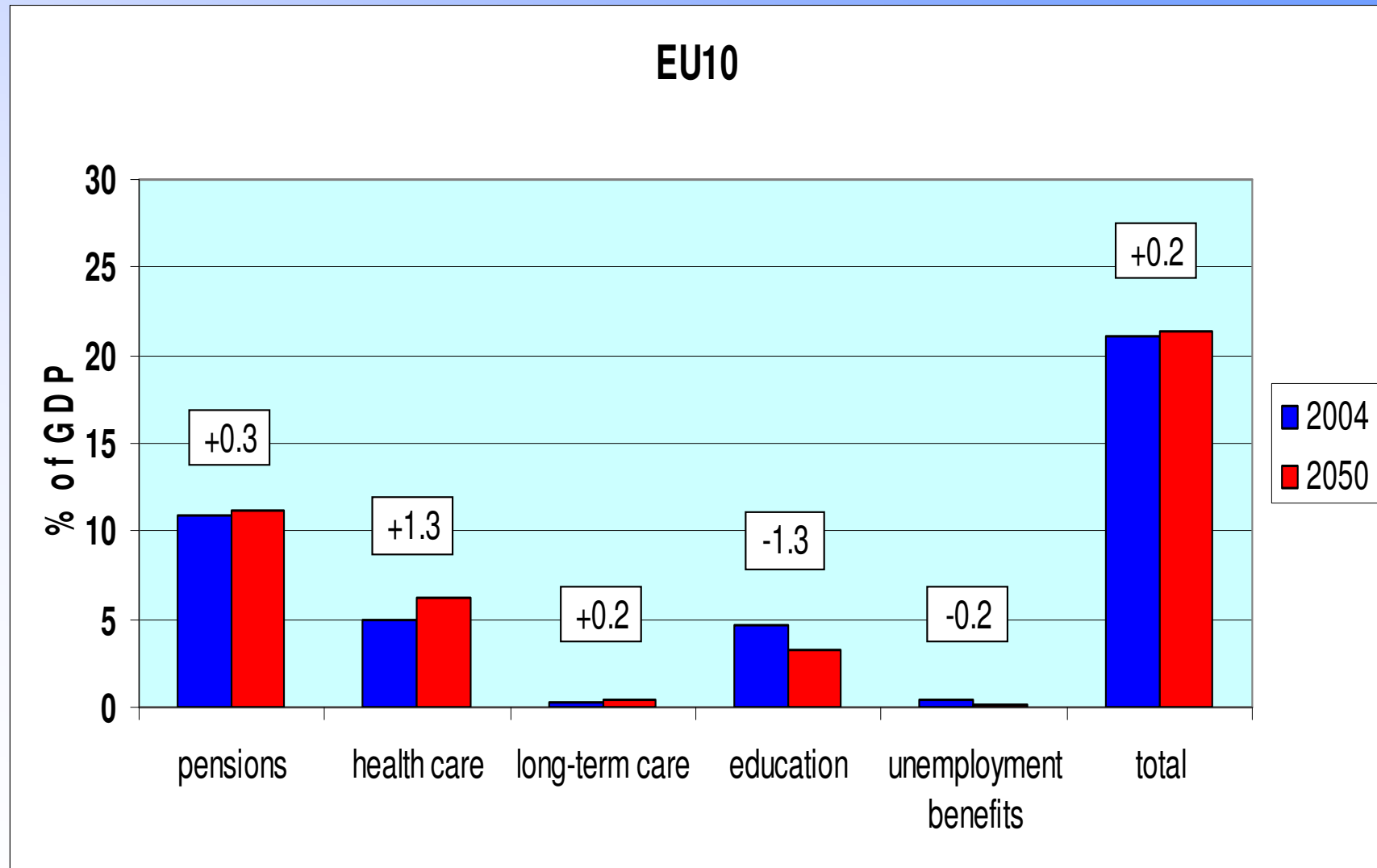


# Overall results

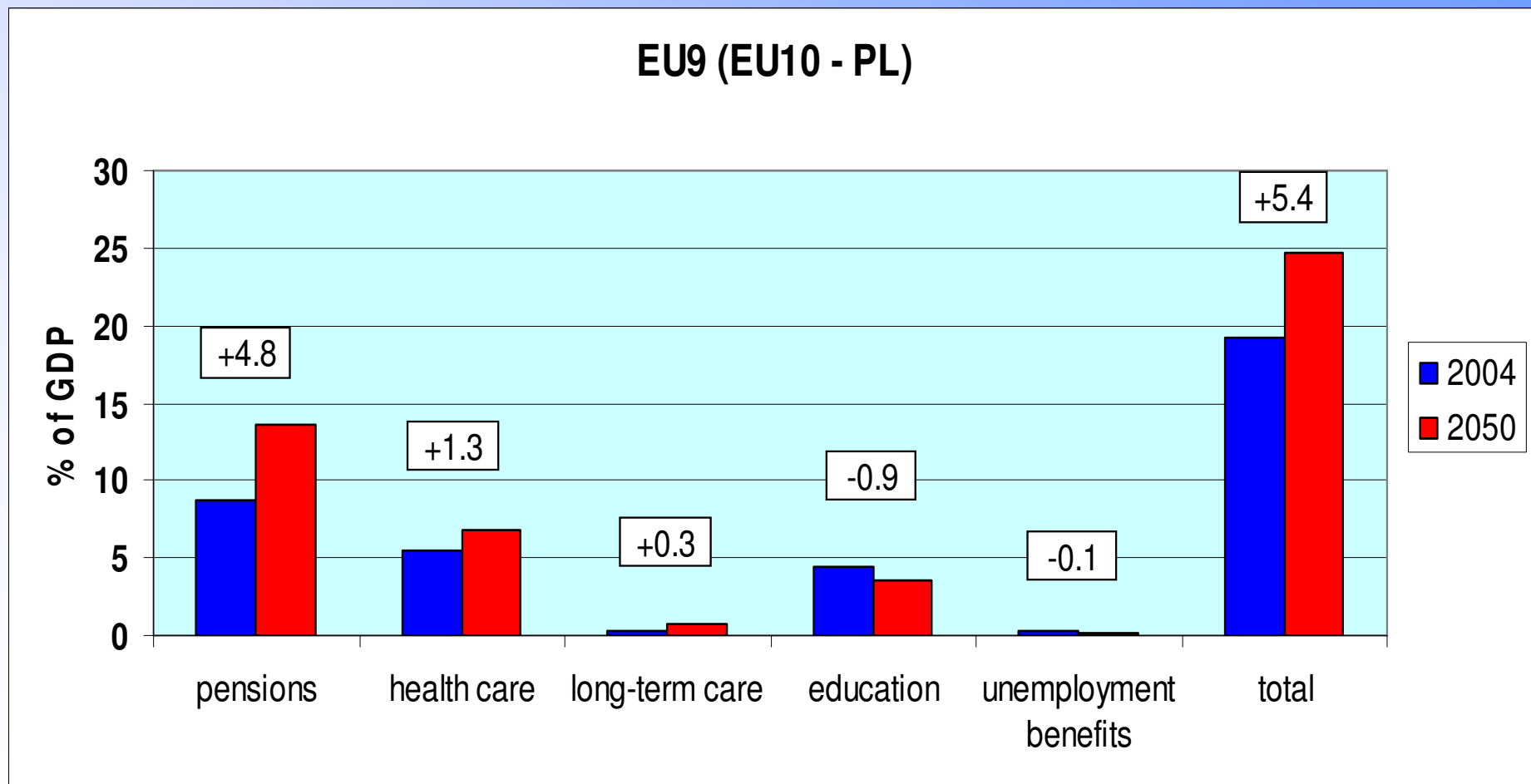
# Budgetary projection results, EU15



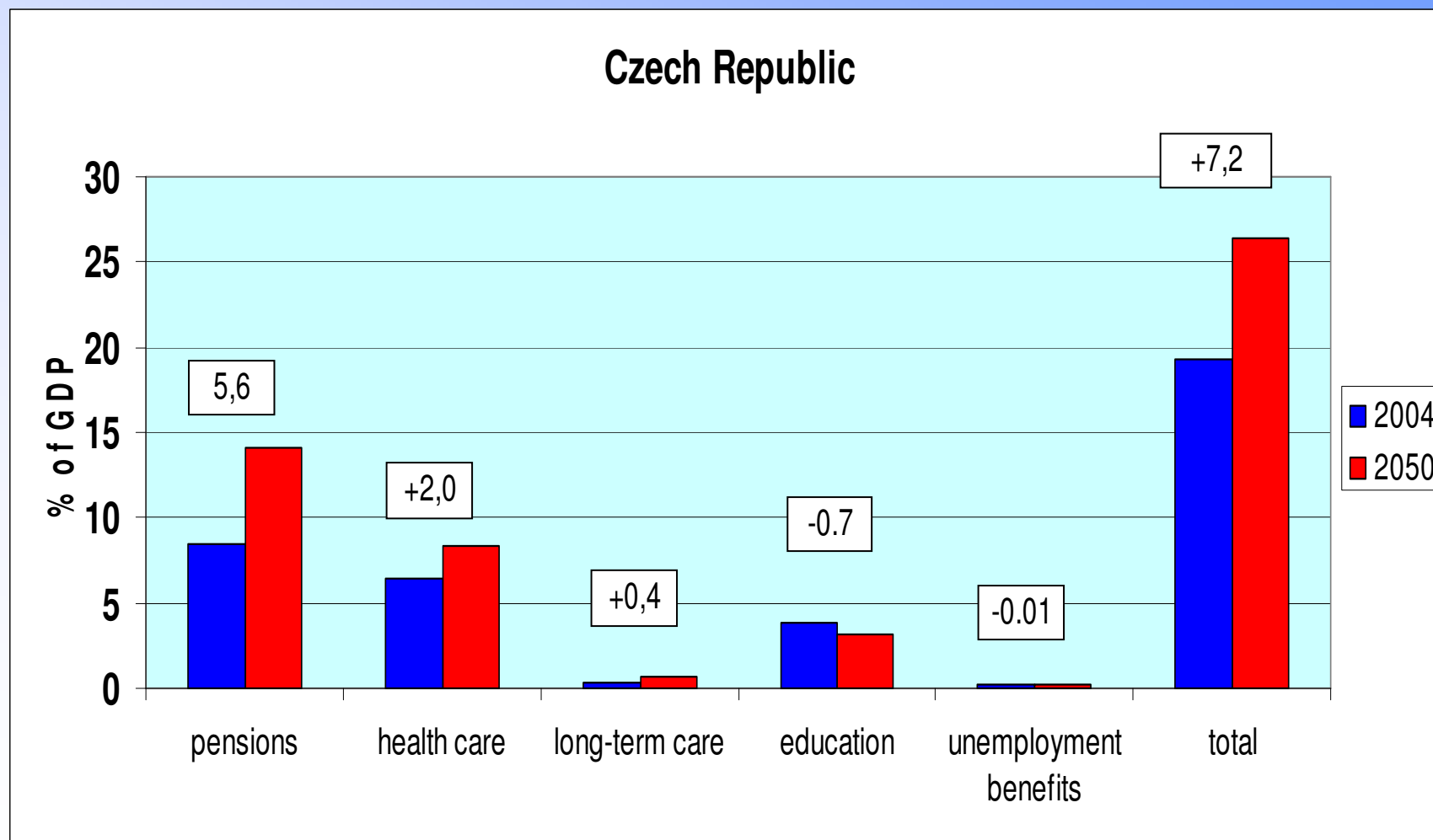
# Budgetary projection results, EU10



# Budgetary projection results, EU9 (excluding Poland)



# Budgetary projection results, CZ



# ***Making use of the results***

- **Budgetary surveillance**: more emphasis on sustainability in Stability and Growth Pact
- **Growth and Job Strategy (Lisbon strategy)**: impact of reforms on employment and GDP growth
- **Employment policy**: progress towards Lisbon employment targets for older workers (50% by 2010)
- **Open Method of Co-ordination** : multilateral surveillance and peer pressure on pensions, health care and long-term care

## *Overall classification of risks to sustainability*

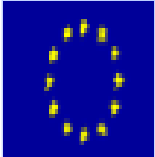
<b>Risk category</b>	<b>Country</b>
<b>Low</b>	DK, EE, LV, LT, AT, PL, SK, FI, SE
<b>Medium</b>	BE, DE, ES, FR, IE, IT, LU, MT, NL, UK
<b>High</b>	CZ, EL, CY, HU, PT, SI

*Source:* Commission services.

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## ***A three-pronged strategy to meet the economic and budgetary impact of ageing***

- ***A faster pace of debt reduction:*** Stability and Growth Pact
- ***Increased employment rates, especially of women and older workers:*** European Employment Strategy and Lisbon employment targets
- ***Reform of pension and health care systems:*** EU single market legislation and Open-method of Co-ordination



# Thanks for your attention !

## *Full report*

- The 2005 EPC projections of age-related expenditure (2004-2050) for the EU25 Member States: underlying assumptions and projection methodologies

[http://europa.eu.int/comm/economy\\_finance/publications/european\\_economy/2005/eespecialreport0405\\_en.htm](http://europa.eu.int/comm/economy_finance/publications/european_economy/2005/eespecialreport0405_en.htm)

- The impact of ageing on public expenditure: projections for the EU25 Member States on pensions, long-term care, education and unemployment transfers (2004-2050)

[http://europa.eu.int/comm/economy\\_finance/publications/european\\_economy/2006/eespecialreport0106\\_en.htm](http://europa.eu.int/comm/economy_finance/publications/european_economy/2006/eespecialreport0106_en.htm)