

Sustainability of public finances & public health care expenditure trends

“Preventive Health as strategic investment for Europe”

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1. Introduction
2. Projection results: Health care
3. Policy implications
4. Conclusions

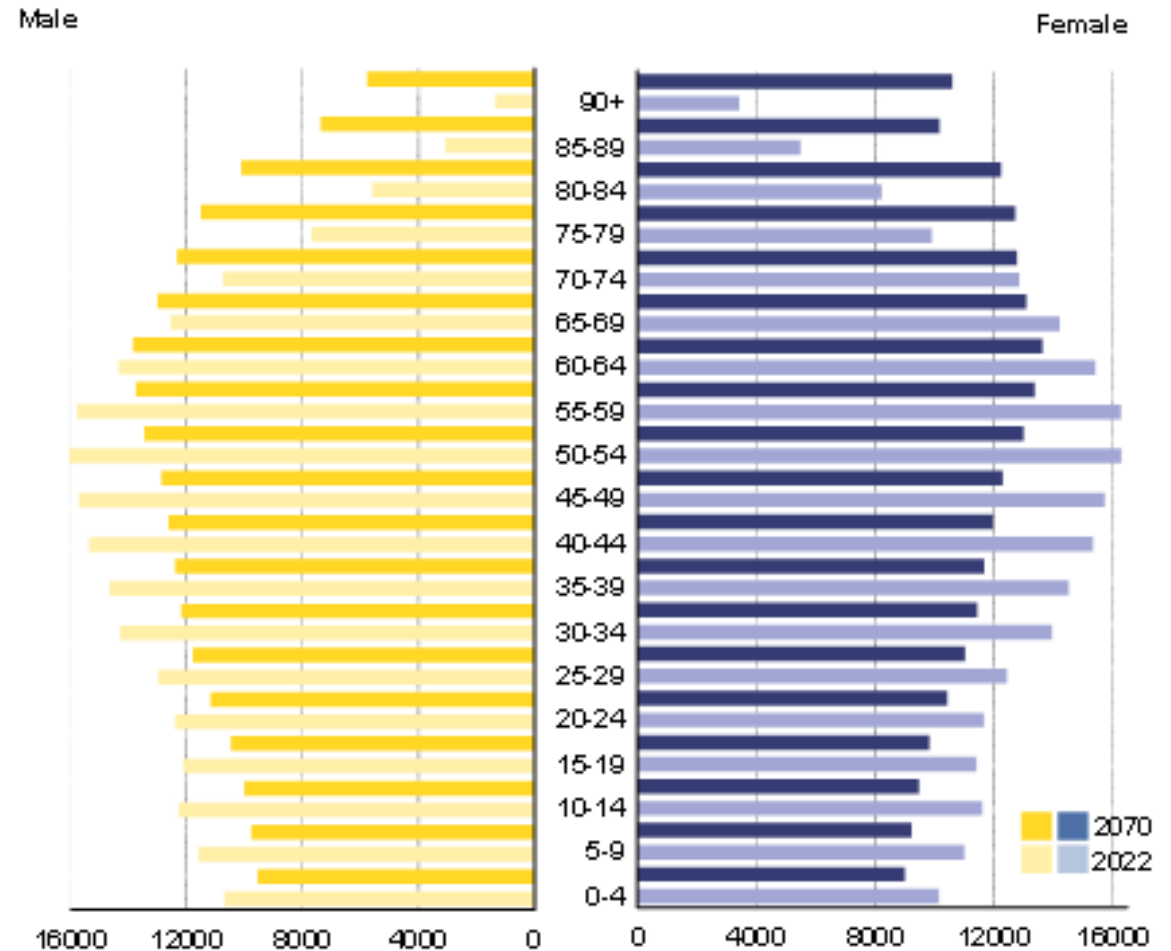
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The ageing challenge (Ageing Report 2024)

The Ageing Report 2024 contains projections of pensions, health care, long-term care and education expenditure up to 2070.

We expect the EU population to become older. Between 2022 and 2070...

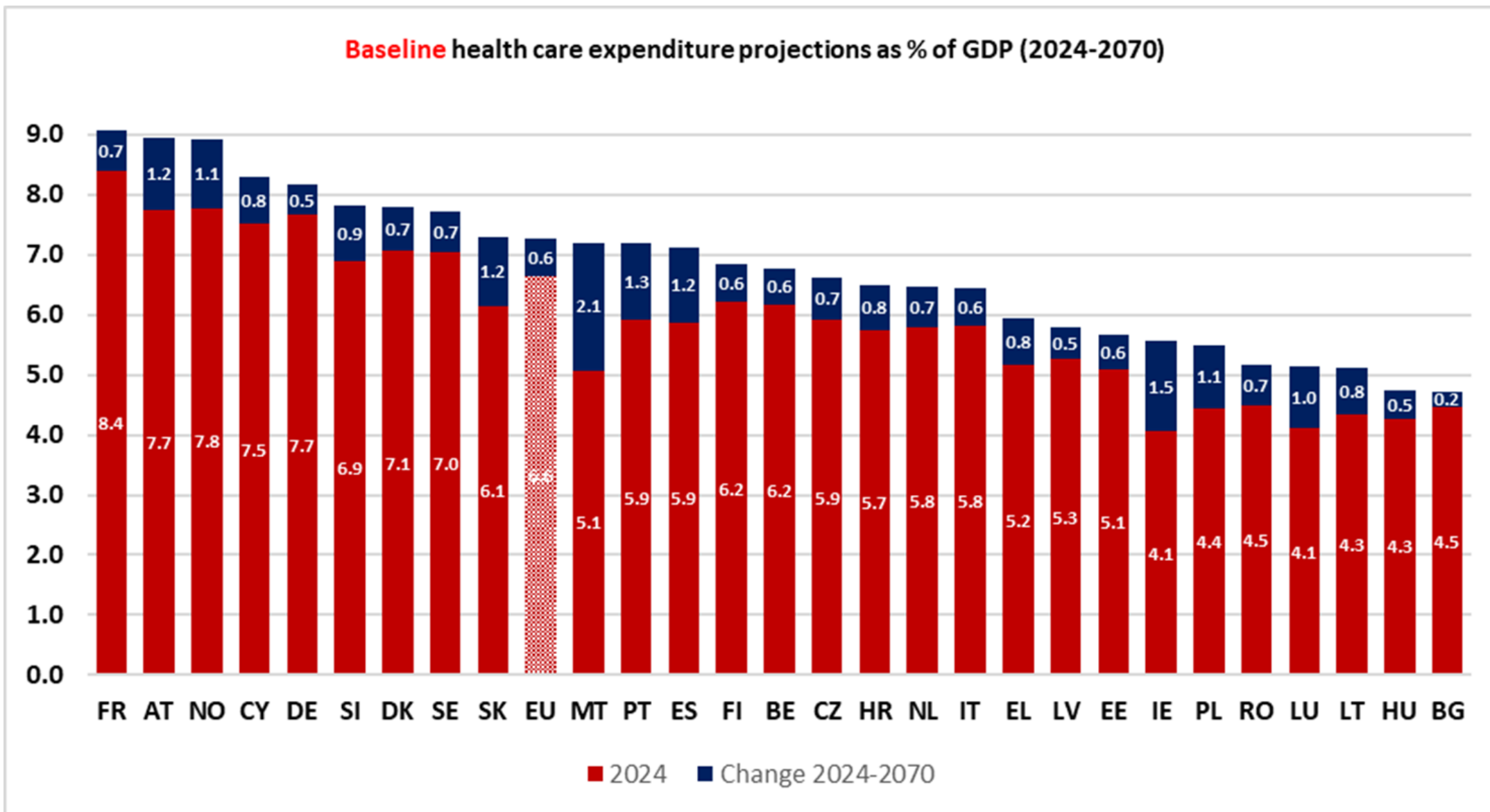
- The total population of the EU is set to shrink by 21 million.
- The working age population will shrink by around 25 million.
- Old-age dependency ratio will increase sharply, with less than two working-age persons for every person aged 65+ by 2070.
- This has implications for pensions, health care, long-term care and education.



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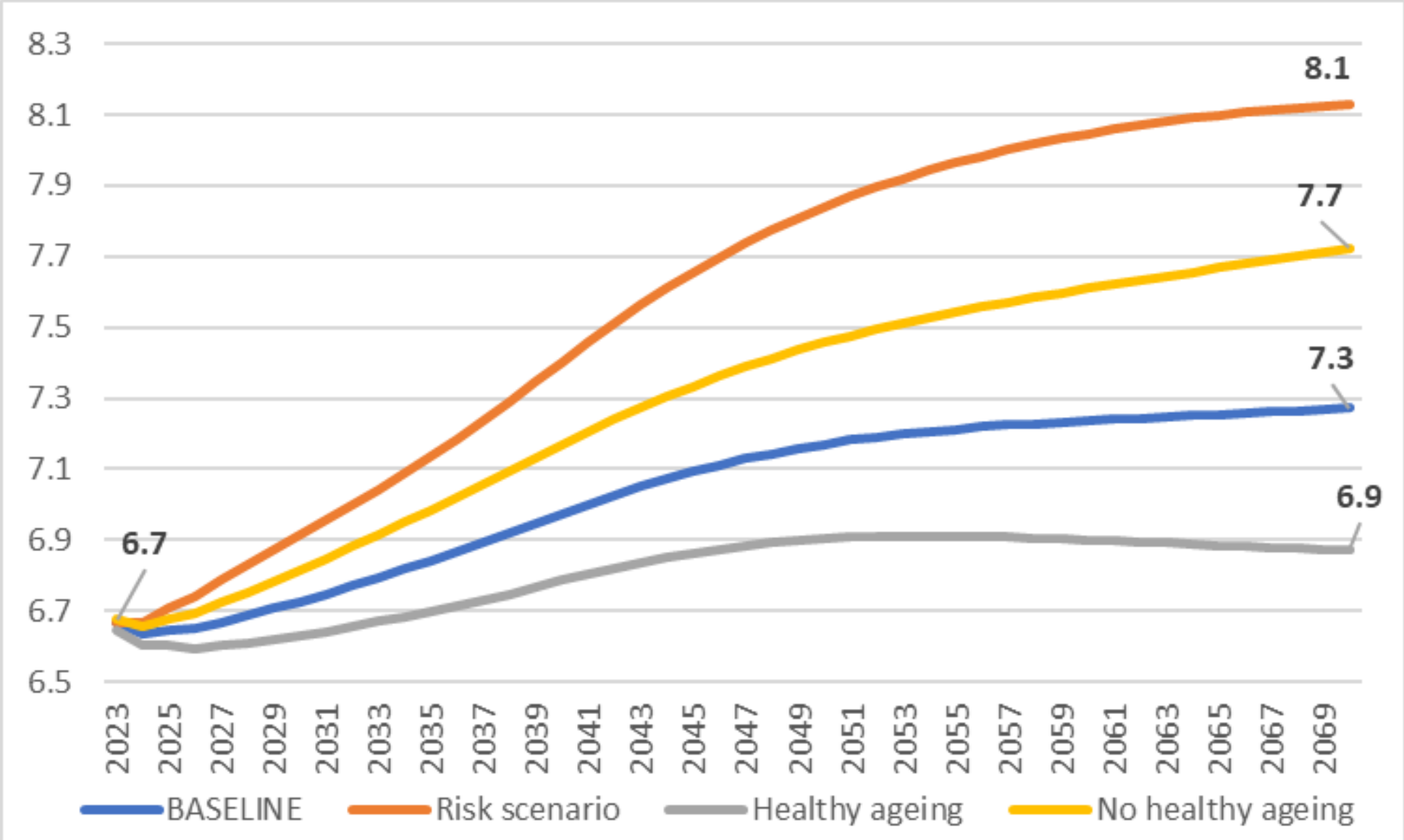
The 2024 Ageing Report: Health Care expenditure projections

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



The 2024 Ageing Report: Health Care expenditure projections

Public expenditure as % of GDP



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

*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.

Structural reforms to improve fiscal sustainability of health care systems (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 use 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).

European Semester and new Economic Governance Framework

- Since 2011, the sustainability and adequacy of Member States' healthcare systems are addressed through the European Semester. Annual Country-Specific Recommendations (CSRs) suggest improvements in health care systems' performance, depending on MS priorities. Also taken to account in the Resilience and Recovery plans' investments and reforms.
- Under the revised Economic Governance Framework, MS present medium-term fiscal-structural plans for four years. CSRs suggest priorities for reforms and investments to include in the plans.
- New framework allows for more gradual fiscal adjustment with extensions up to 7 years, provided MS commit to reforms and investments supporting fiscal sustainability and improving growth (among other criteria).
- Sustainability analysis of health care systems will remain similar, with a focus on efficiency improvements for relevant MS.

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Sustainability of public finances and public expenditure trends

- Public expenditure on health care is set to increase due to ageing and non-demographic factors.
- This is likely to lead to greater pressure on public finances which, in some Member States, may lead to long-term fiscal sustainability concerns.
- The provision of accessible, good quality care in the future will require improving the efficiency of health care systems for those MS.
- The new Economic Governance Framework has now come into force.

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

'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/joint-report-health-care-and-long-term-care-systems-and-fiscal-sustainability-country-documents-2019-update_en