Future long-term care expenditure trajectories across OECD countries

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Abstract

Background: By 2050, the proportion of the population aged 65 or older is expected to reach 26.7 percent. In this context of an ageing population, the demand for LTC services and related expenditures are expected to increase significantly.

Objective: To assess the change in the share of the health and social components of LTC expenditure from public sources in GDP, we projected expenditures to 2040 and 2050 across OECD countries.

Methods: We used regression analyses to identify drivers and estimate coefficients of the health and social components of LTC spending. We then develop a projection model for OECD countries that are also members of the European Union Statistics on Income and Living Conditions (EU-SILC) survey. We used time series (2003-2022) from the OECD System of Health Accounts (SHA), which provides LTC expenditures for both components, and OECD Statistics for regression analyses. Data from the EU-SILC survey were also used to estimate the proportion of people with disabilities by age group by country. Projections of key drivers were based on the OECD Economic Outlook data.

Results: On average, LTC expenditures from public sources are projected to increase by 0.99 percentage points to 2.13% of GDP for the health component and by 0.68 percentage points to 1.08% of GDP for the social component by 2050, accounting for 3.21% of GDP thereafter.

Conclusions: All countries in this study would need to invest a larger share of their income to provide LTC services.

KEYWORDS: Long-term care, projections, demographic aging