Interreg Alpine Space AlpSib

EUROPEAN UNION

PÔLE SERVICES À LA PERSONNE
PROVENCE-ALPES-CÔTE D'AZUR
le réseau des services et soins aux domiciles

Innovation : delivering solutions for seniors

Chapter 1 : The challenges of aging population in Europe

Lesson 2 : Ageing of the populations impacts

Impacts of population's aging

- The objective of the second lesson is to understand how aging is an important issue to investigate and how the senior public is an interesting target for SIB. For that, you will discover the projections of the demographic changes of the European population and their consequences on the society in term of cost of public expenditure and labor market. Other impacts exist but will not be considered here.
- Strucutre of the lesson:
  1. Structural changes in demographics
  2. Projections of elderly's population structure
  3. The projected old-age dependency ratio
  4. The consequences for the society

1. Structural changes in demographics

- By 2080, it is estimated that about **30%** of the European population will be **aged 65 years old or over**, and **1 out of every 8 persons will be 80 or above**.
- These demographic evolutions generate economic, social and organizational consequences, most directly with respect to the following issues :
  - health and care requirements of the elderly,
  - labour markets,
  - social security and pension systems,
  - economic fortunes,
  - government finances.

Population ageing is one of the **greatest social and economic challenges** facing the EU.

1. Structural changes in demographics

- The demographics changes may be largely attributed to this factors :
  - a low birth rate
  - an increase in life expectancy (and also an improvement in the quality of life expectancy)
  - net migrations flows

- The European Union forecasts for 2060 estimate that **the fertility rate** should increase, except for some countries (France, Sweden and Ireland). However, these rates should be lower than the natural replacement rate, which is 2.1 over this period.

- In the EU, **life expectancy at birth** for males is expected to increase by 7.1 years over the projection period, from 77.6 in 2013 to 84. in 2060. For females, life expectancy at birth is projected to increase by 6.0 years for females, from 83.1 in 2013 to 89.1 in 2060, implying a convergence of life expectancy between males and females.

Source : European commission, The 2015 Ageing Report, Economic and Financial Affairs, Economic and budgetary projections for the 28 EU Member States (2013-2060), EUROPEAN ECONOMY 3|2015

1. Structural changes in demographics

Assumptions for life expectancy	2015		2040		2080	
	Men	Women	Men	Women	Men	Women
Slovenia	77,7	83,4	81,9	86,9	87,0	91,1
Germany	78	83	82,3	86,7	87,1	91
Austria	78,5	83,4	82,7	87	87,3	91,2
France	78,7	85	83,1	88,4	87,6	92
Italy	79,9	84,6	83,7	88	87,8	91,7

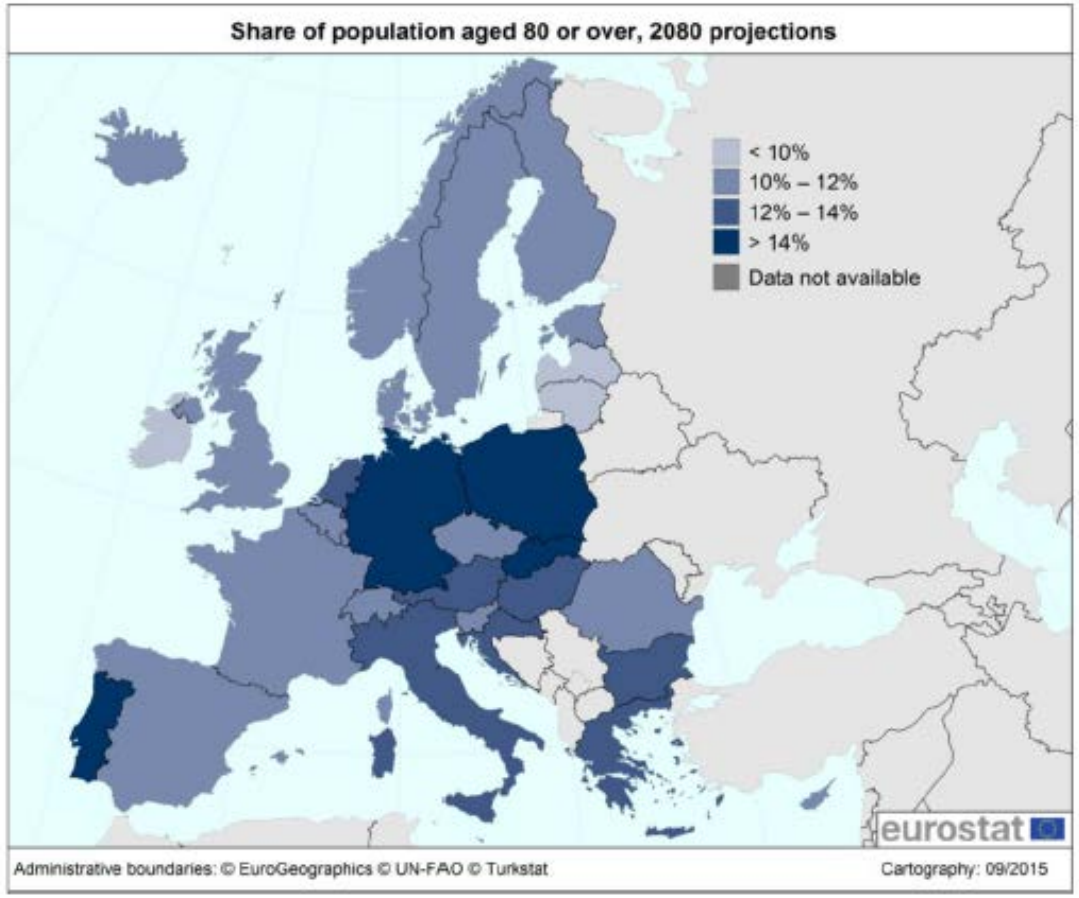
Data NC forSwitzerland, Liechtenstein, UE
Source : Eurostats, 19-06-2017

The gap in life expectancy between men and women should be reduced over the coming decades between 1 and1.5 years for the Alpin Space's countries. For example it should go from 5 years to 4 years for Slovenia, and Germany and 6.3 years to 4.6 years for France.

2. Projections of elderly's population structure

- Given the expected birth rates, life expectancy and migration flows, the current population of the EU is expected to remain constant at about 500 million in 2060, but will be significantly older. The structure of the population will strongly change.
- As of 2015, there will be more deaths than births and the population over 65 years old is expected to represent **28,7%** of the total population by 2080, compared to **18,5%** in 2014 (a rise of 10.2 percentage points).
- More stricking, the **very old people** are projected to increase from **5,4% to 12,3 %** (a rise of 6.9 percentage points), during the period 2016 to 2080.

2. Projections of elderly’s structures population



The Alpin Space countries	Proportion of population **aged 80 years and more** in **2080**
Germany	15,1 %
Austria	13,5 %
Italy	13,3 %
Switzerland	11,8 %
Slovenia	11,7 %
France	11,1 %
Liechtenstein	NC
EU (28 countries)	**12,3 %**

Source : Eurostat –Newsrelease, International day of older persons, 166/2015, 29 septembre 2015

Interreg Alpine Space AlpSib

PÔLE SERVICES À LA PERSONNE PROVENCE-ALPES-CÔTE D'AZUR le réseau des services et soins aux domiciles

3. The projected old-age dependency ratio

This indicator is the ratio between the projected number of persons aged 65 and over (age when they are generally economically inactive) and the projected number of persons aged between 15 and 64. The value is expressed per 100 persons of working age (15-64).

The Alpin Space countries	2015	2020	2030	2040	2050	2060	2070	2080
Germany	32	33,7	42,9	49,4	51,2	55	55,9	55,2
France	29,2	32,9	39,7	45,1	45,1	43,4	44,6	46,8
Italy	33,7	36,1	44,3	57,3	62,5	61,2	60,2	62,7
Austria	27,5	28,4	35,7	42,2	45,3	51	54,4	55,3
Slovenia	26,6	31,8	40,8	48,2	55,7	55,3	50,4	51,3
EU (28 countries)	**28,8**	**31,7**	**39,1**	**46,4**	**50,3**	**51,6**	**51,2**	**52,3**

Data not communicated for Switzerland and Liechtensetien
Source : Eurostat

3. The projected old-age dependency ratio

- In 2015, the old-age dependency ratio (population aged 65 or over in relation to the population aged 15-64) **in the EU-28 was 28.8%**.
- This means that the EU had just **3.5 people of working age for every person aged 65 or over**. In other words, the EU had just over 28 people aged 65 or over for 100 people of working age.
- By 2080, this ratio is projected to increase from 28.8% to 52,3%. This implies that the EU **would move from having** four working-age people **for every person aged over 65 years** to about **two working-age persons**.

4. The consequences for the society

Demographic change will **reduce financing sources and increase expenditure on social protection**.

- Provided that social protection systems remain equal, the fact that the gap is narrowing between the working-age population and the inactive population leads to a decrease in the sources of funding for social protection systems.
- The growing share of older people is increasing the demand for health and care services, and consequently the public spending associated with aging.
- The most striking result will be the increase in expenditure for pensions, but also expenditure on health and long-term care.

4. The consequences for the society
Health care expenditure

Determinants of demande

- Population size
- Population structure
- Health status
- Individual and national income and provisions

Health care expenditure

Supply side determinants

- Availability and distance to health care services
- Technological progress
- Framework regulating the provision of those goods and services (institutional settings)

4. The consequences for the society

Health care expenditure

PROJECTIONS HEALTH CARE SPENDING AS % OF GDP

Projections health care spending as % of GDP. Demographic scenario	2013	2060	pp. change
Germany	7,6 %	8,4 %	0,7
Austria	6,9 %	8,5 %	1,6
Italy	6,1 %	6,9 %	0,8
Slovenia	5,7 %	7,1 %	1,4
France	7,7 %	8,8 %	1,1
European Area	7 %	7,2 %	0,2

Source : European commission, The 2015 Ageing Report, Economic and Financial Affairs, Economic and budgetary projections for the 28 EU Member States (2013-2060), EUROPEAN ECONOMY 3|2015

4. The consequences for the society
Long term care expenditure

Long-term care is by a common definition of international institutions (OECD, Eurostat, WHO) defined as :

"A range of services required by persons with reduced degree of functional capacity (physical or cognitive) and who are consequently dependent for an extended period of time on help with basic and/or instrumental activities of daily living (ADL)."

Basic Activities of Daily Living (ADL) or personal care services are frequently provided in combination with help with basic medical services such as nursing care, prevention, rehabilitation or services of palliative care.

Source : European commission, The 2015 Ageing Report, Economic and Financial Affairs, Economic and budgetary projections for the 28 EU Member States (2013-2060), EUROPEAN ECONOMY 3|2015

4. The consequences for the society
Long term care expenditure

PROJECTIONS LONG-TERM CARE (LTC) SPENDING AS % OF GDP

Demographic scenario. Projected levels of public expenditure on LTC as % of GDP.	2013	2060	pp. change
Germany	1,4 %	2,8 %	1,4
Austria	1,4 %	2,7 %	1,3
Italy	1,8 %	2,8 %	1
Slovenia	1,4 %	2,8 %	1,4
France	2 %	2,9 %	0,9
European Area	1,7 %	3 %	1,3

LTC represents a non-negligible and growing share of GDP and of public and total, i.e. including private, health spending.
As such, public expenditure on LTC is an important item for the long-term sustainability of public finances living.

Source : European commission, The 2015 Ageing Report, Economic and Financial Affairs, Economic and budgetary projections for the 28 EU Member States (2013-2060), EUROPEAN ECONOMY 3|2015

4. The consequences for the society
Long term care expenditure

The determinants of LTC demande

The number of people who will need and receive LTC.

The higher share and numbers of old and very old people

The risk to live with physical or mental disability leading to a dependency situation

Long term care expenditure

4. The consequences for the society
Health care expenditure

	2020	2040	2060
Germany			
Austria			
Italy			
Switzerland			
Slovenia			
France			
Liechtenstein			
EU (28 countries)			

4. The consequences for the society
Labour market

- With the aging population, the demand for LTC workers is growing, but the density of LTC workers is not always up to the needs.
- For low-qualified care workers, entering an LTC job – especially in home-care settings – does not require high credentials, but difficult working conditions and low wages often generate high turnover among workers.
- High turnover contributes to producing a negative image of LTC, and endangers both access to, and quality of, services.