World Health Organization
European Region

WHO Barcelona Office
for Health Systems Financing

Co-funded by
the European Union

Who will pay for it?

How does population ageing affect financial sustainability and affordable access to health care?



Will population ageing affect the sustainability of health financing?

It depends…

Expenditures could increase if there is substantially higher spending among older people compared to younger people

Revenues could decline if there is overreliance on the working-age population to generate funds

Policymakers can take steps to prevent financing gaps…

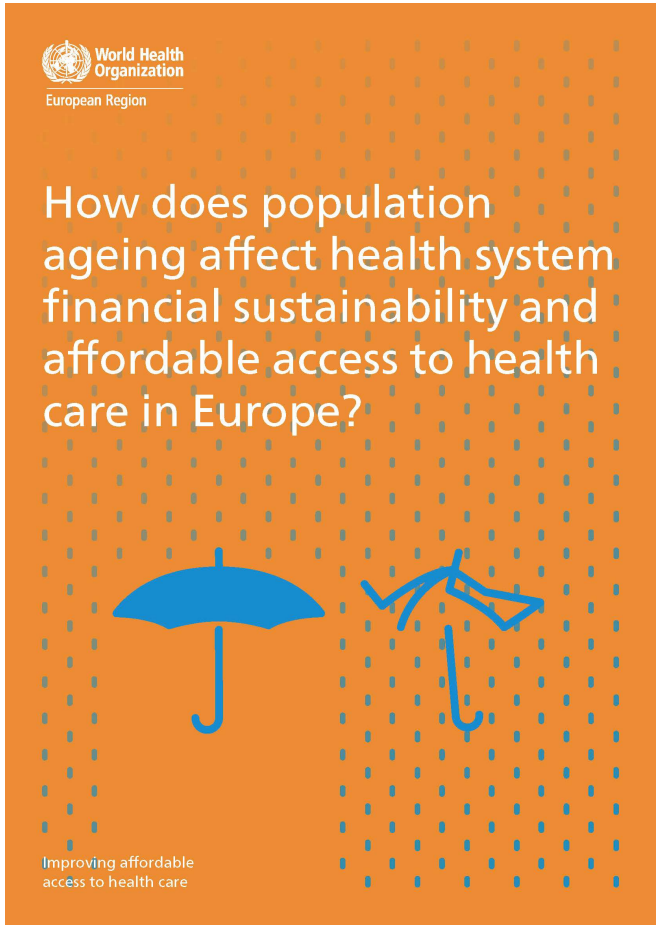
but what if they don't?

More health care costs will be paid out-of-pocket

Greater reliance on out-of-pocket spending has implications for affordable access to health care and ultimately progress towards UHC

How can we better understand this issue?

- We forecast the size of the health financing gap due to ageing using the PASH simulator in five countries
- We estimate how much out-of-pocket spending would be needed to fully fill the financing gap
- We estimate how this increase in out-of-pocket spending affects the risk of financial hardship for households based on current coverage policies



How does the PASH work, exactly?

What if the way we fund health systems, and the way we spend, stayed the same forever, but the **age-mix** of the population changed?



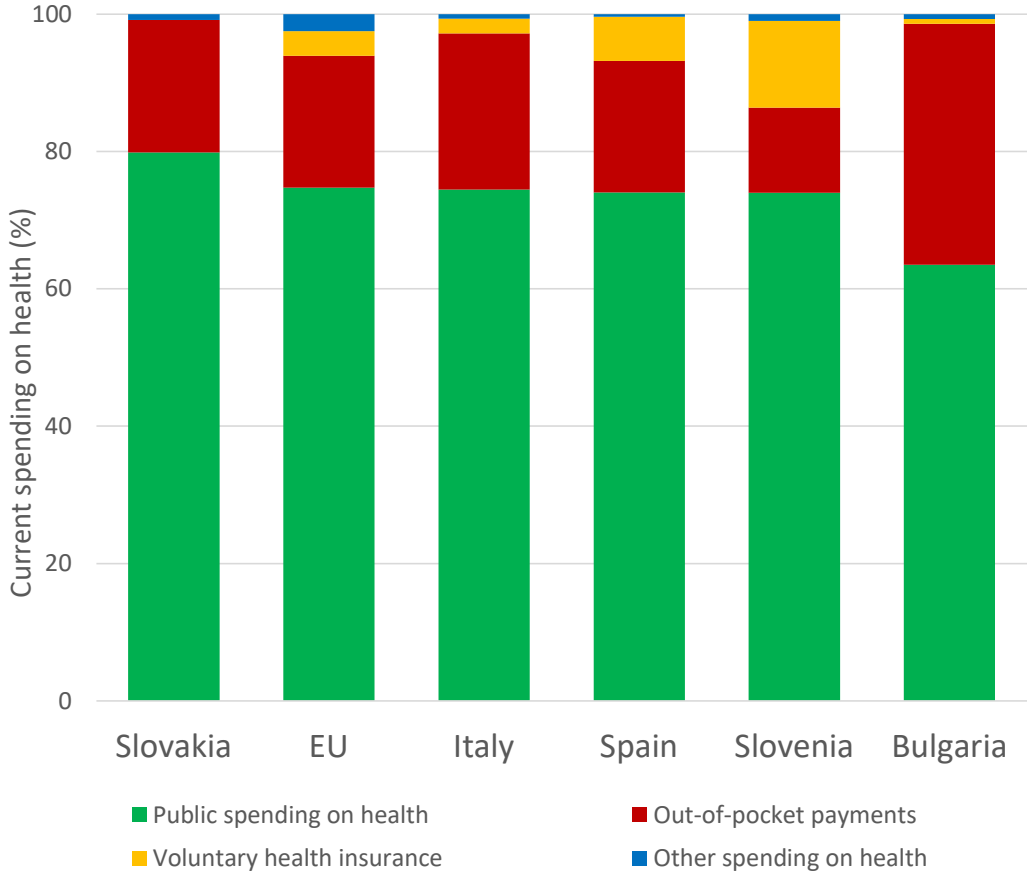
How do use it:

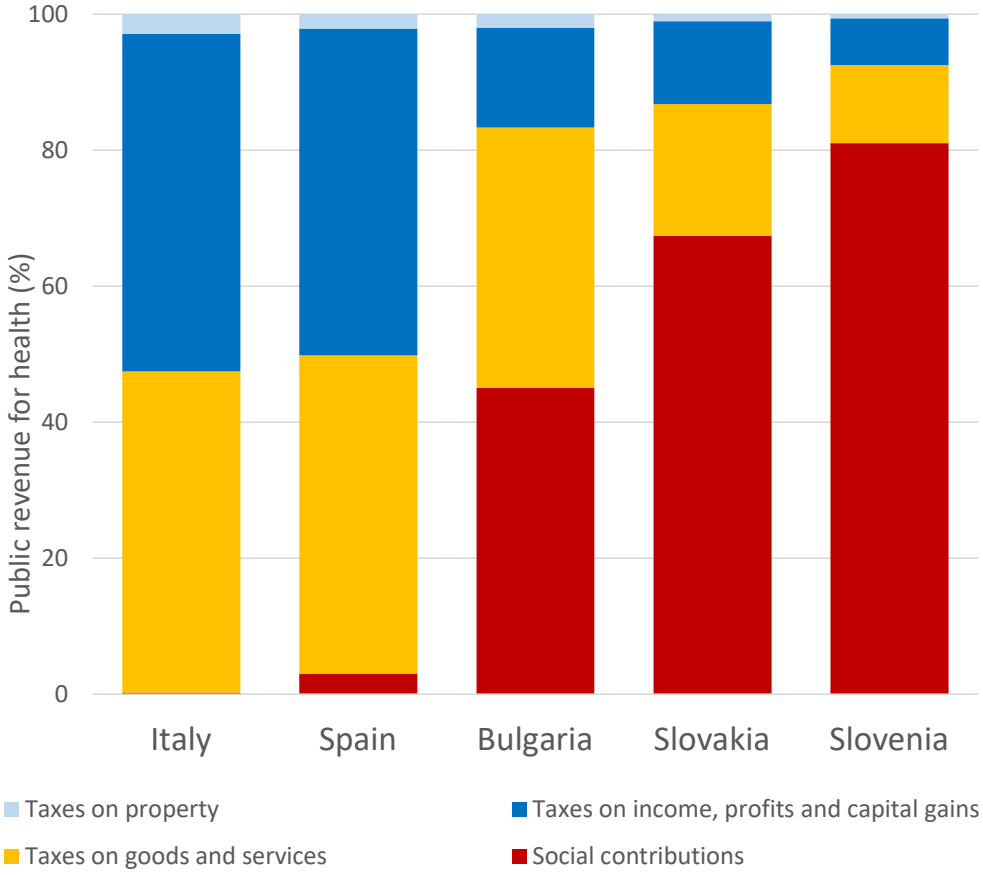
- Each country can be linked to:
  - a population by age forecast
  - mix of taxes used for health, which also vary by age
  - per person health spending by age
- See how changes in the population age-mix will affect revenues and expenditures in the future
- Explore policy options to fill the gap!

Diverse country contexts

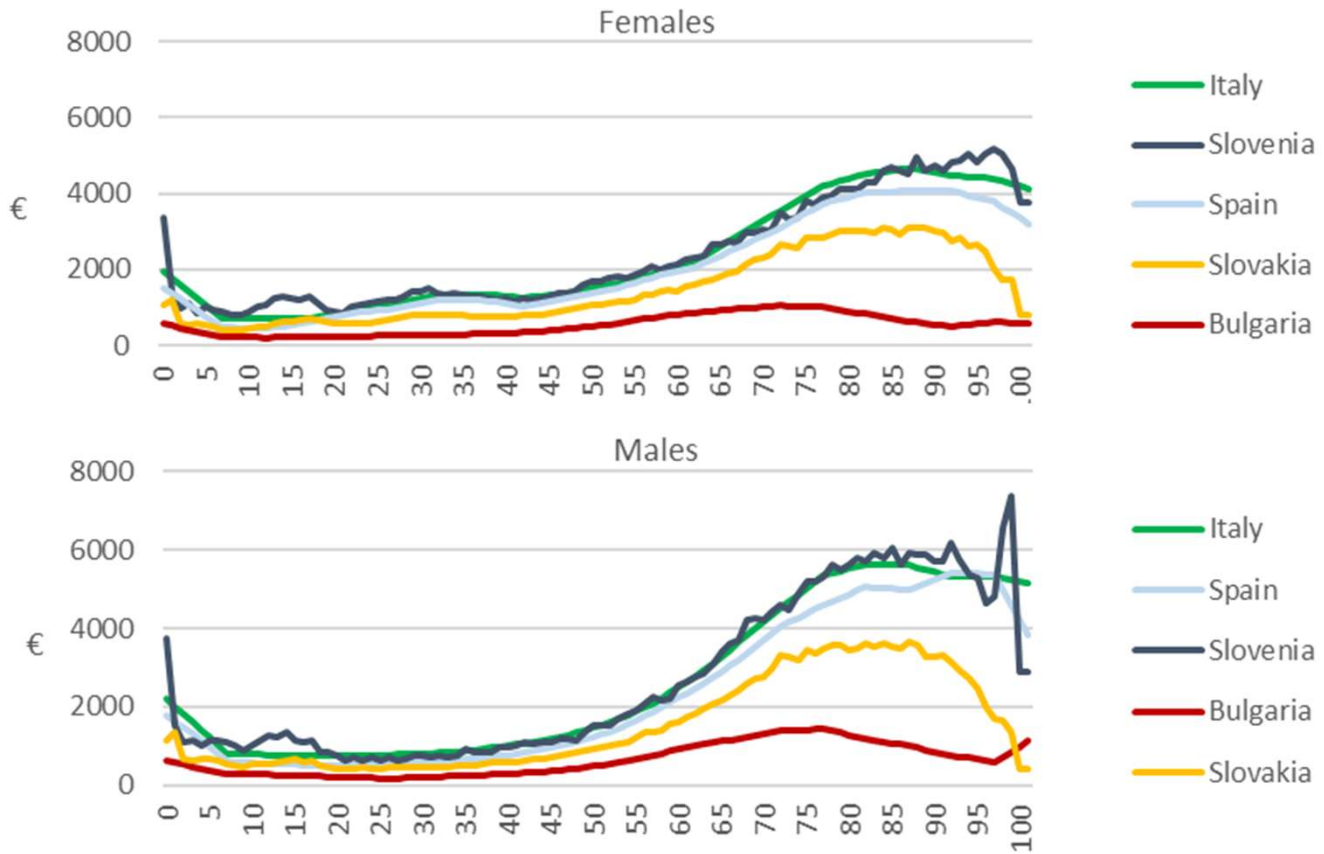
	 Spain	 Italy	 Slovakia	 Slovenia	 Bulgaria
High % over age 85	✓	✓			
High reliance on social contributions to finance health care			✓	✓	✓
High reliance on out-of-pocket payments					✓

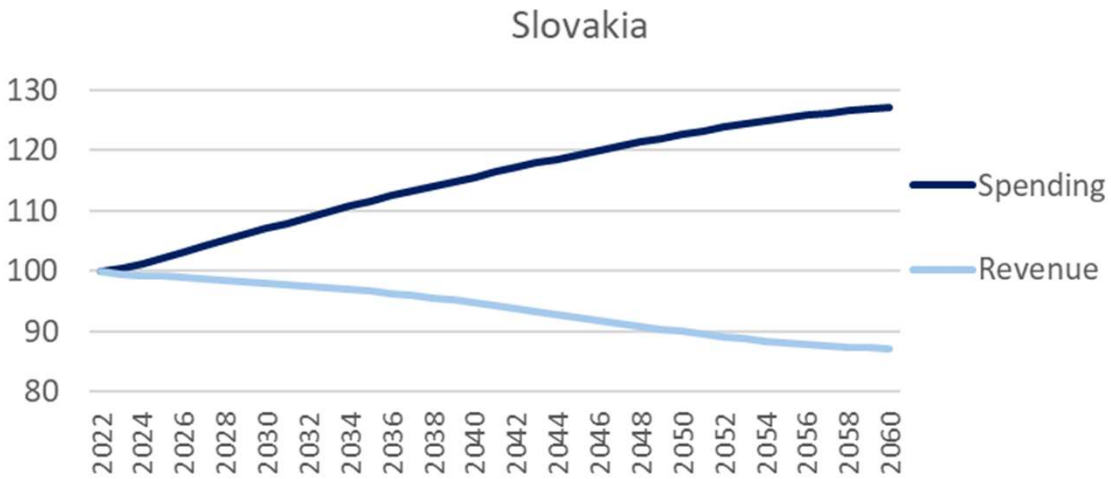
Countries differ considerably in where the money comes from…





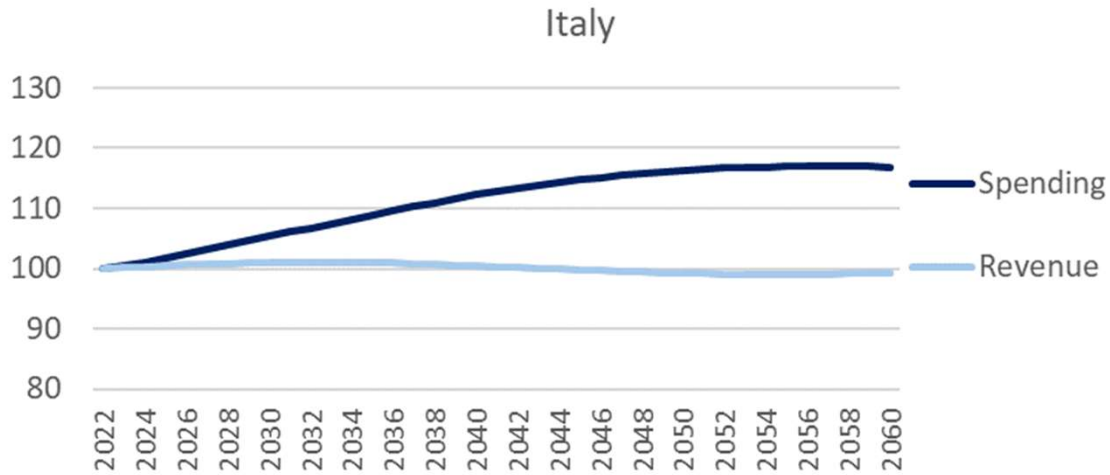
…And in health spending by age patterns



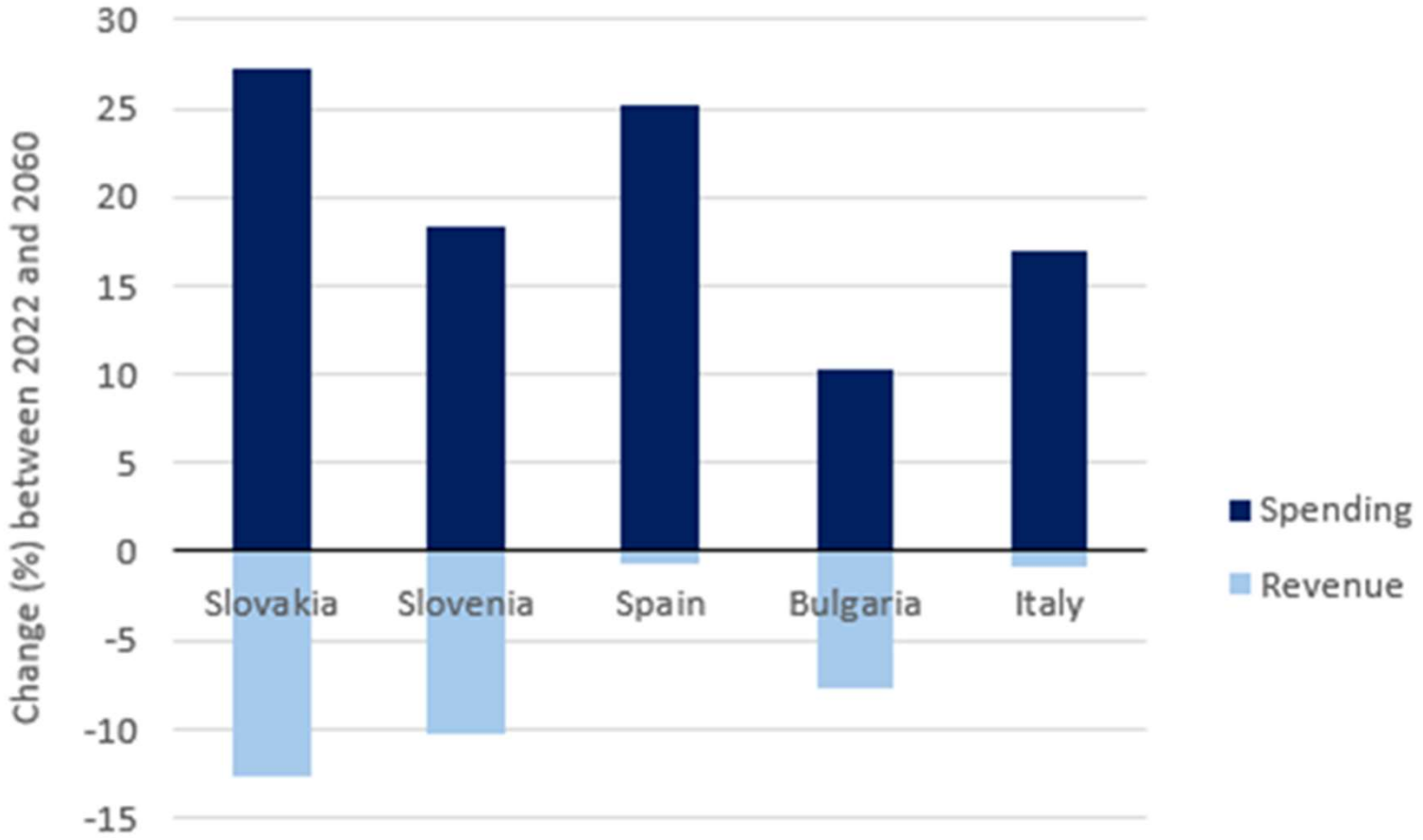


Largest gap is in Slovakia

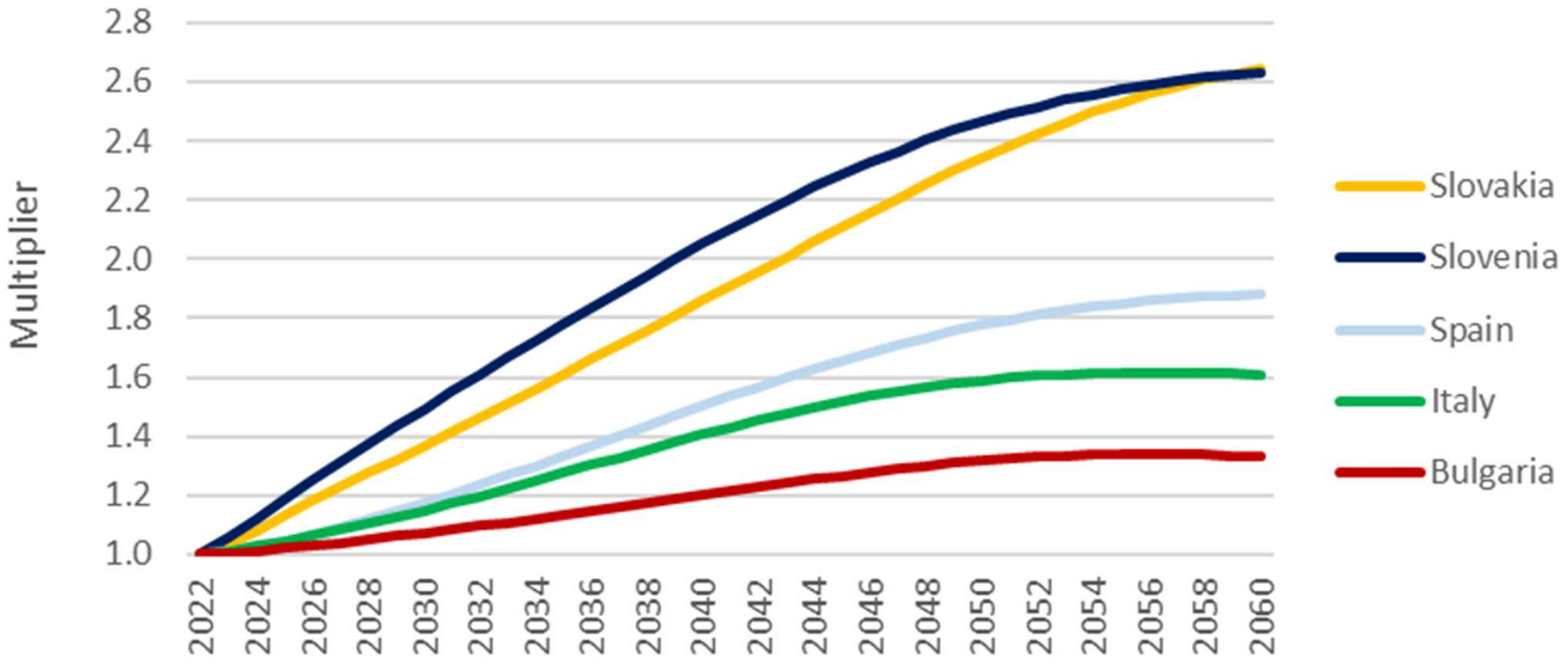
Smallest gap is in Italy



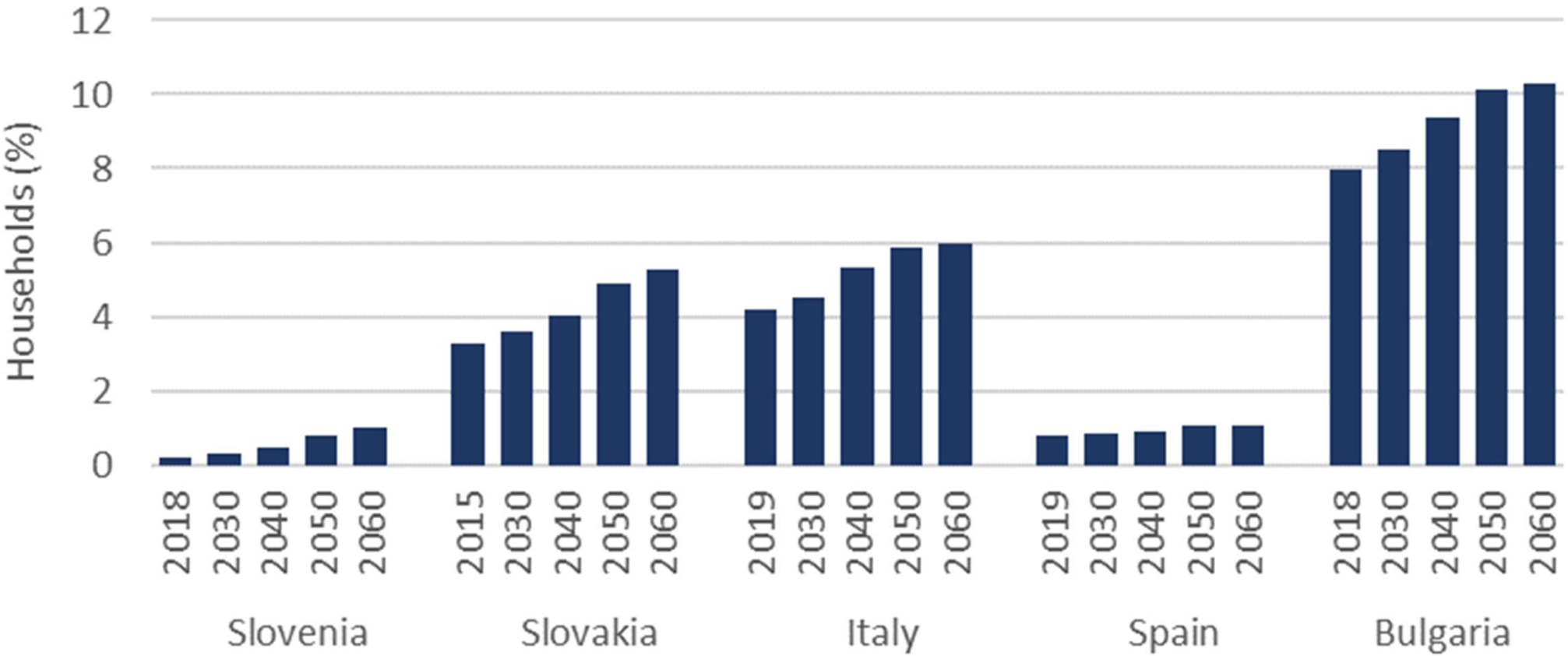
The financing gap in 2060



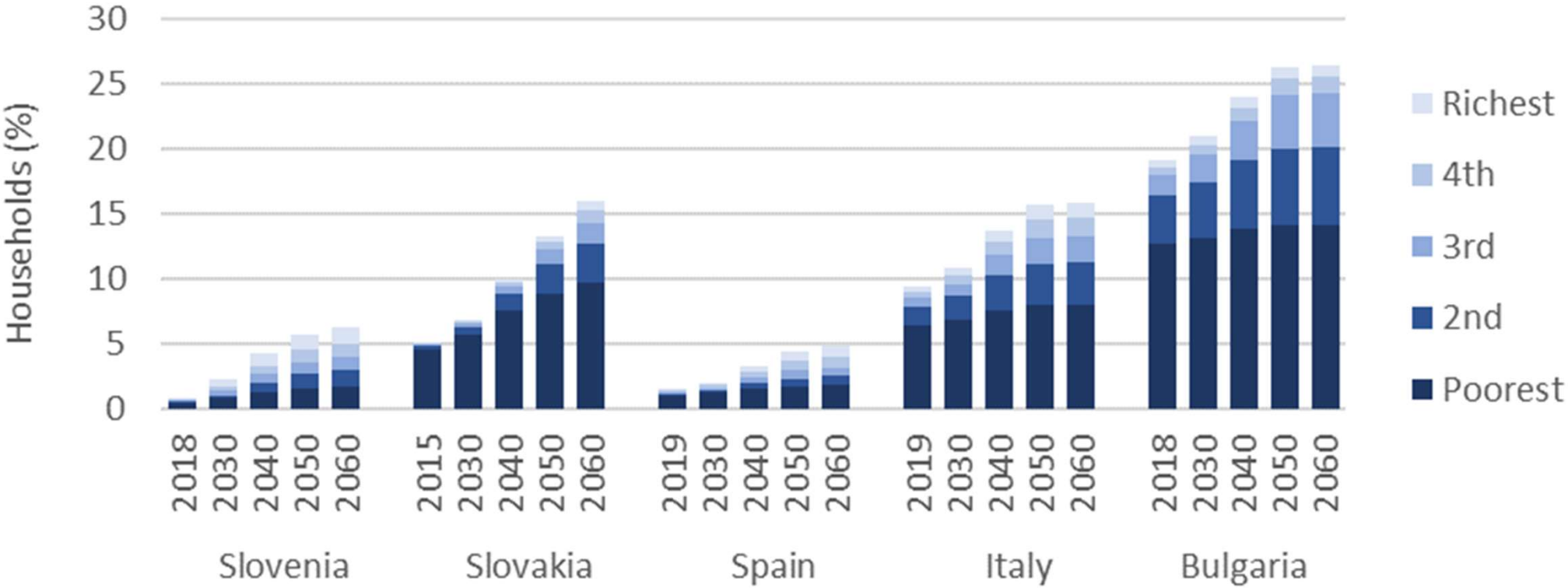
By how much would per person out-of-pocket spending have to increase to fill the financing gap?



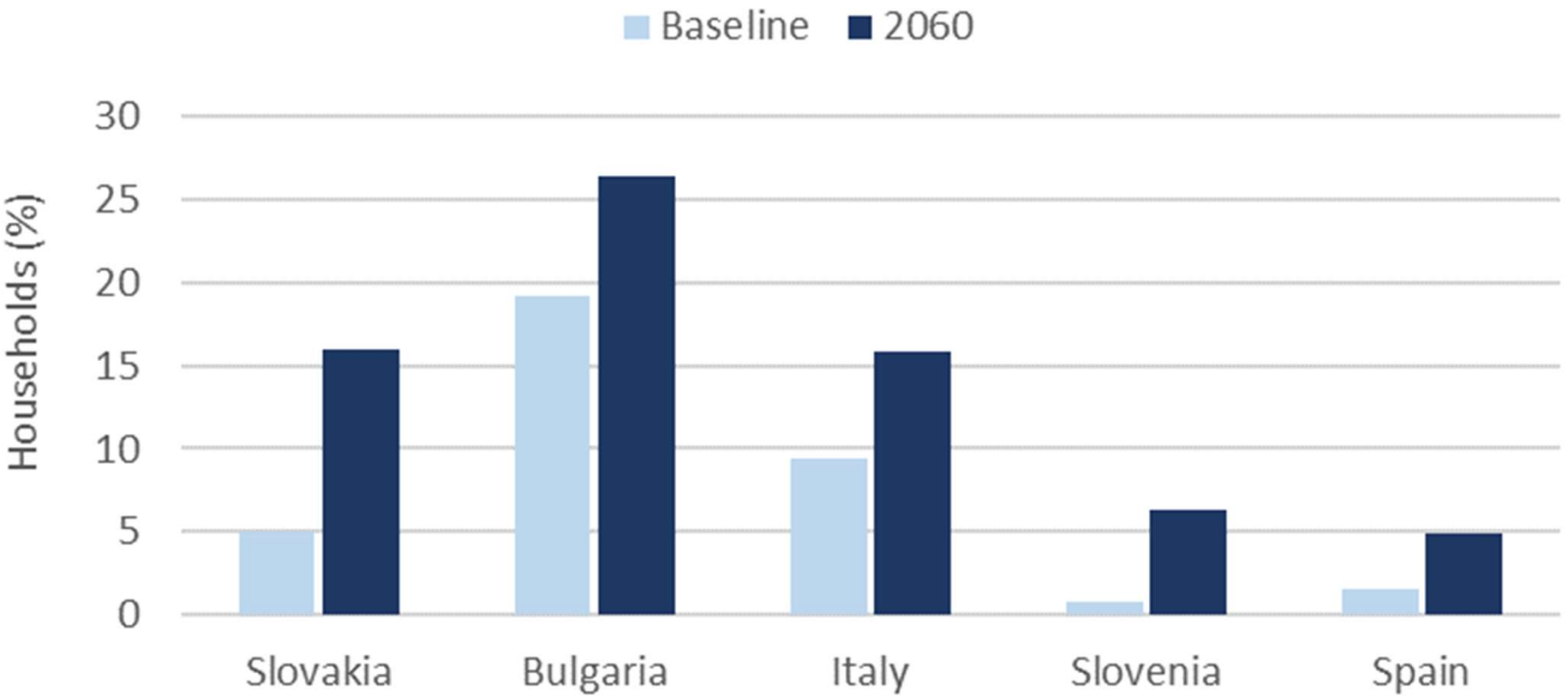
Impoverishing spending through 2060



Catastrophic spending through 2060



Change in catastrophic spending by 2060



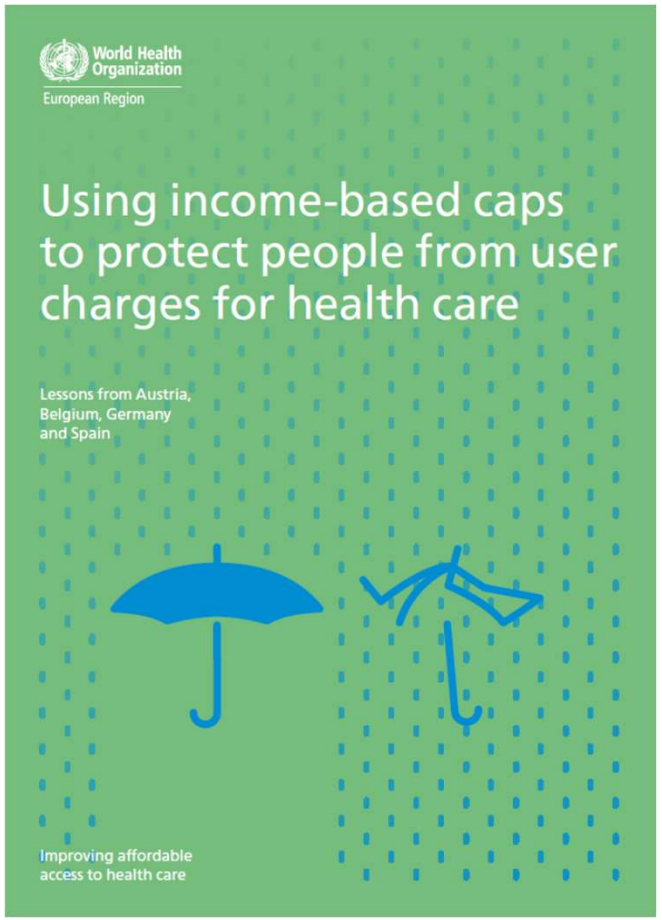
What if Bulgaria had an Austrian-styled cap on co-payments?

How does the cap work in Austria?

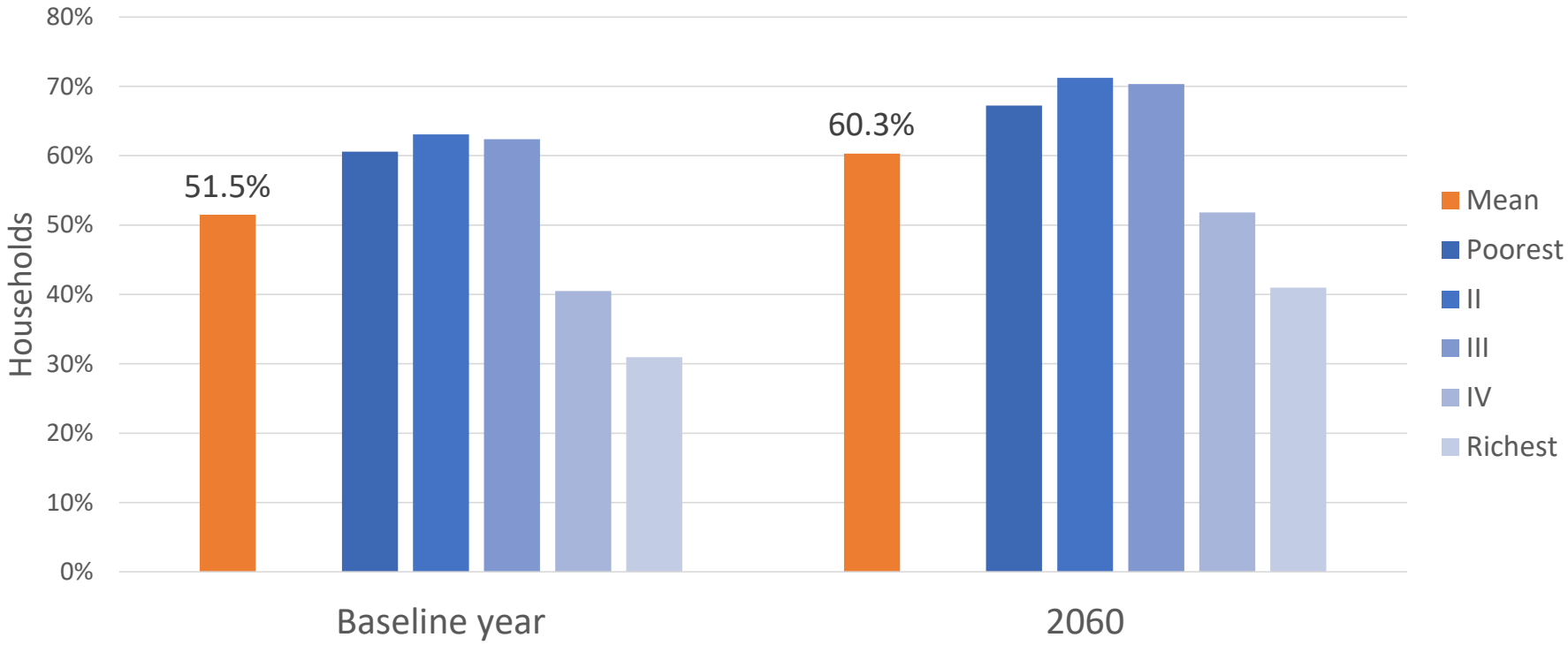
- Co-payments for outpatient prescribed medicines are automatically capped at 2% of net annual income

- There are also caps on other co-payments that vary by SHI fund (but we do not explore these here!)

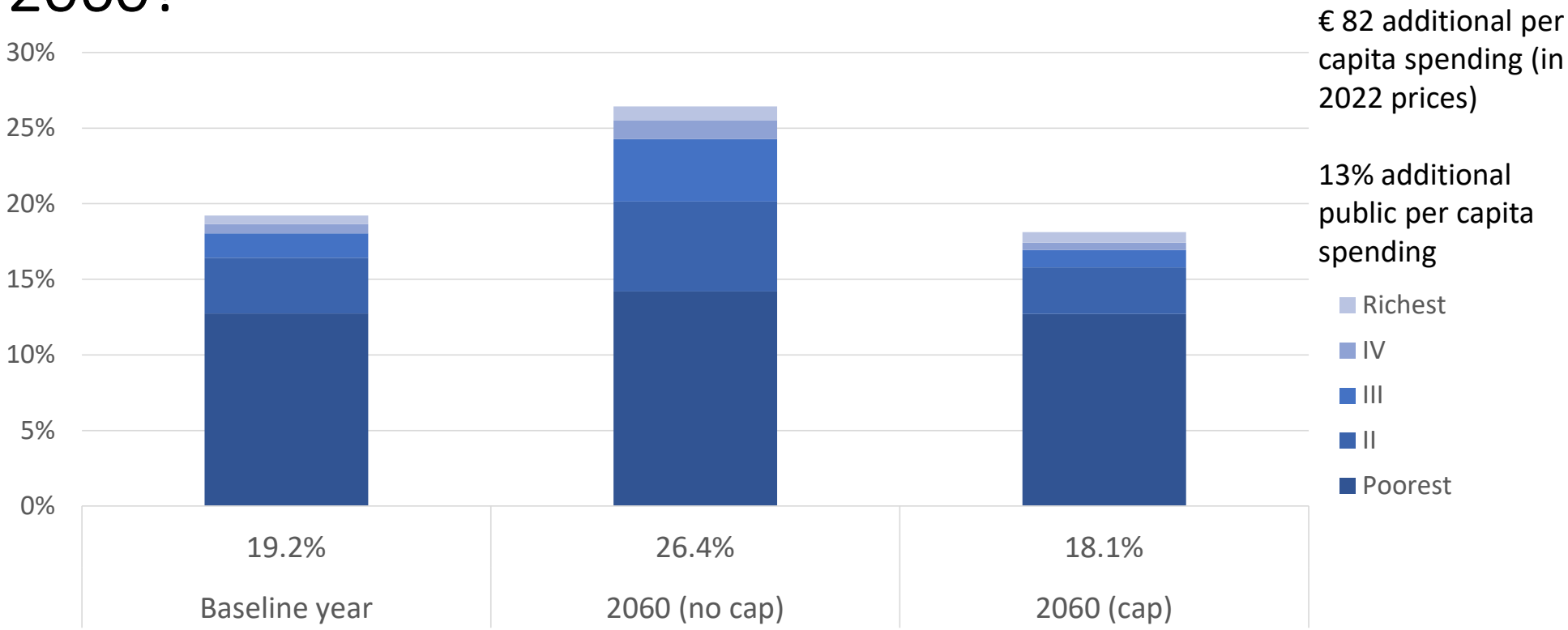
- We assume that 50% of each household's medicines spending are for prescriptions (and the other 50% is OTC and not subject to a cap)



How many households *would have* exceeded an Austrian-styled cap?



What would catastrophic spending incidence have been like if Bulgaria had an Austrian-styled cap in 2060?

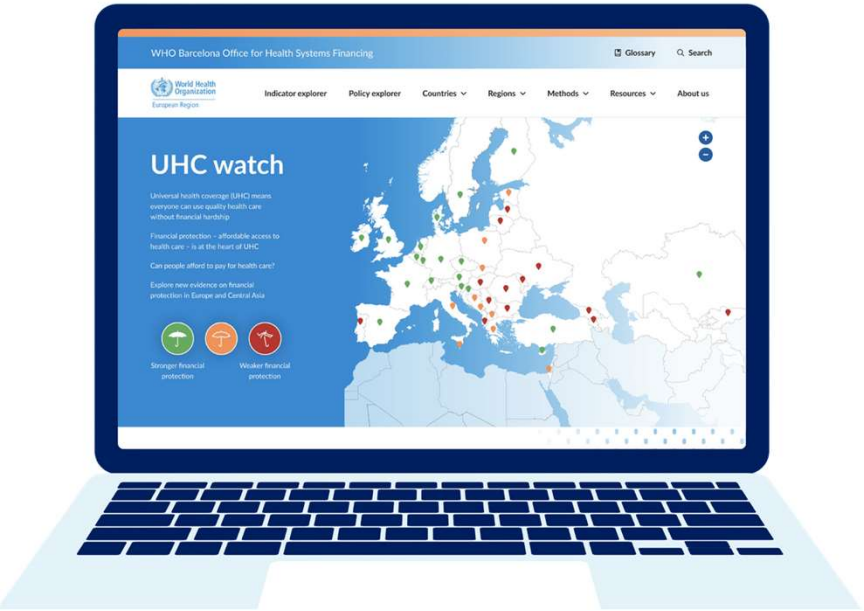


Policy messages

- Population ageing does not spell certain disaster for health financing sustainability
- But without changes to health financing policy, now, population ageing will increase financial hardship for households in the future
- To support health financing sustainability and affordable access as populations age:
  - Narrow the gap by broadening the public revenue base and reducing reliance on social contributions levied on employment
  - Ensure that efforts to curtail spending do not increase financial hardship or unmet need
  - Pay more attention to strengthening coverage policy
- Good performance now does not guarantee good performance in the future… but bad performance now does guarantee bad performance in the future unless corrective actions are taken

UHC watch

A digital platform tracking progress on affordable access to health care in Europe and central Asia



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