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## EUROPEAN SEMESTER 2018: COUNTRY REPORTS THEMATIC ANALYSIS ON URBAN AGEING

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On 7 March, the European Commission published the [country reports for 2018](#). The reports present the social and economic situation of the country and the progress made in responding to the country specific recommendations (CSRs) of 2017. On 23 May 2018, the European Commission published its [country specific recommendations](#) for 2018-2019. The recommendations provide policy guidance tailored to each EU country in line with the EU 2020 Strategy. As such, they are a key element of the European Semester cycle for EU economic policy coordination.

EUROCITIES has carried out a thematic analysis of the country reports and CSRs on ageing population and the effect on long-term care (LTC).

Member states made some limited progress on long-term care systems based on the CSRs in 2017, reforming the governance of the LTC systems, the expenditure with formal and informal care services, the home care and institutional care within formal care, and the quality and accessibility of LTC. Key reforms introduced in 2017 relevant to active ageing:

- Bulgaria adopted in January 2018 the action plan for implementing the ‘National long-term care strategy 2018-2021’;
- Spanish government increased the budget for the provision of long-term care by 5.3%;
- France, Slovenia, Estonia have increased minimum income for elderly;
- Netherlands is implementing a major reform to decentralise long-term care;
- Slovenian government has prepared an ‘Active ageing strategy’.

The analysis of the country reports shows remaining and connected challenges (to healthcare and pensions) regarding the ageing population like:

- Exposure of people over 65 years old to social exclusion and at risk of poverty, due to low level of pensions;
- Insufficient and uncoordinated provisions of formal accessible, high-quality and sustainable long-term care services;
- Shortages of certain specialists and staff in LTC and health care services especially in rural areas;
- Impediments to keep women in employment, as informal care is often the only option for many families and women take care for dependent and elderly relatives;
- Low cost-effectiveness of the healthcare system;
- Lower and equalise the retirement age of men and women;
- The need to increase the pension threshold.
- Low funding and projection of large increase in expenditure on LTC in near future.

The country-specific recommendations relevant to ageing issues mostly focus on the sustainability of the healthcare and pension system (Austria, Belgium, Ireland, Luxemburg, Portugal), on the accessibility and quality of healthcare system (Finland, Latvia, Romania) and call for improving the adequacy of the social safety net for older people (Estonia). The recommendations also refer to restricting the early retirement (Croatia, Malta, Luxemburg, Slovenia), increasing the minimum income (Latvia, Romania) and increasing the employment rate of older people not yet in retirement through lifelong learning (Luxemburg, Slovenia).

	CSRs for 2017-2018	Progress made in line with CSR	Reform measures in 2017	Remaining challenges	CSRs for 2018 - 2019
AT	CSR 1. [...] Ensure the sustainability of the healthcare system and of the pension system. [...]	Due to the proper implementation of previous measures aimed at encouraging later retirement, the effective retirement age is increasing.	The statutory retirement age of women (at 60) will gradually adjust as of 2024, achieving harmonisation with the male statutory retirement age only in 2033.	<ul style="list-style-type: none"> <li>- The system of long-term care faces challenges in funding and staffing which may complicate access for patients.</li> <li>- In 2018, the provisions for personal and family contributions to long-term care from an individual's wealth (Pflegereregess) will be abolished.</li> </ul>	CSR 1. [...] Ensure the sustainability of the health and <b>long-term care</b> and the pension systems, including by increasing the statutory retirement age and by restricting early retirement [...]
BE	<a href="#">Country report</a>	/	/	<ul style="list-style-type: none"> <li>- Recent projections point to a large increase in long-term expenditure for both pensions and long-term care.</li> </ul>	CSR 1. Pursue the envisaged pension reforms and contain the projected increase in <b>long-term care</b> expenditure.
BG	<a href="#">Country report</a>	The minimum pension increase by 22% in 2017 is a step forward towards addressing the risk of poverty or social exclusion of elder people, but the minimum pension is still far below the poverty line.	Adopted in January 2018, the action plan for implementing the 'National long-term care strategy 2018-2021', envisages integrated measures for provision of quality services for long-term care of vulnerable people and new infrastructure.	<ul style="list-style-type: none"> <li>- The population is expected to shrink by as much as 22 % by 2050 due to net migration, low birth rates and relatively high mortality.</li> <li>- In 2016, 45.9% of those over 65 years old were at risk of poverty or social exclusion, among the highest in the EU.</li> </ul>	/
CY	<a href="#">Country report</a>	The active labour market policies schemes to train unemployed people to provide LTC have been successful. There are also plans to establish community centres, co-financed by the European Social Fund, to offer in house LTC.	In June 2017, the House of Representatives adopted two bills establishing a universal health insurance system by 2020 which will involve actions for long-term care, including outpatient services, which are currently been provided mostly by private enterprises.	<ul style="list-style-type: none"> <li>- Low levels of provided long-term care (LTC). Public spending on LTC is among the lowest in the EU (0.3 % of GDP, as compared with the EU average of 1.6 %).</li> <li>- The acceleration of the population ageing. At present, there are regular medical visits to remote areas offered to the elderly and other vulnerable groups.</li> </ul>	/
CZ	<a href="#">County report</a>	/	On July 2017, a new measure was introducing 'three months leave entitlement for carers'. It may partially enable women to reconcile caring and professional responsibilities.	<ul style="list-style-type: none"> <li>- Insufficient and uncoordinated provision of formal accessible, high-quality and sustainable long-term care services.</li> <li>- The lack of care services can be a major impediment to keeping women in employment, as informal care is often the only option for many families. It is most often women who care for dependent and elderly relatives.</li> <li>- The lack of healthcare staff in certain areas</li> </ul>	/

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				and the relatively high average age of healthcare professionals. - The shortages of certain specialists and staff in general in rural areas.	
DK	<a href="#">Country report</a>	/	/	/	/
DE		/	In July 2017 the federal government adopted an ordinance setting out minimum working conditions including minimum wages in the long-term care sector.	- The increased share of elderly people in the population, as a result of increasing life expectancy and lower birth rates.	/
EE	CSR 1. Improve the adequacy of the social safety net [...].	There is a progress in providing more adequate pension for pensioners living alone, higher and more flexible subsistence allowance and higher family allowances. Despite recent measures, social safety nets still do not provide adequate income support and the increasing share of the population at risk-of-poverty is a concern. The inadequacy of financing is the highest for pensions, disability benefits and long-term care services.	The payment of an allowance of EUR 115 to persons with low pensions and living alone was the first step in addressing the very high at-risk-of-poverty rate of this group.	- The provision of a more adequate social safety net supported by better service. Estonia spends less on social protection (16 % of GDP) than the European Union average (28 % of GDP). - The high at-risk-of-poverty rate, particularly for people with disabilities, jobless households and older people, especially those living alone. - Financing of long-term care services do not match the needs of the ageing population.	CSR 1. [...] Improve the adequacy of the social safety net, in particular for older people and people with disabilities [...].
ES	<a href="#">Country report</a>	For the first time in ten years, the difference in poverty gaps between the working age population (18-64) and the elderly (65 and older) started to decrease. In 2017 all regions reduced their waiting list for people receiving long-term care services, to different degrees. About a quarter of people recognised as dependent (315 000 out of 1.26 million) were on a waiting list in November 2017. The cost per care recipient is slowly decreasing and job creation in long-term care	In December 2017 the government increased its funding for the provision of long-term care by 5.3 %.	- The public expenditure on health care and long-term care which adds 1.5 % of GDP to the fiscal sustainability. - The increased number of people receiving long-term care services, with 11.44 % more people receiving such care in 2017 than in 2016. - The untrained informal carers, mostly female, still provide a substantial part of the care.	/

	CSRs for 2017-2018	Progress made in line with CSR	Reform measures in 2017	Remaining challenges	CSRs for 2018 - 2019
		services was stable in the first semester of 2017.			
FI	CSR 1. [...] Ensure timely adoption and implementation of the administrative reform to improve cost-effectiveness of social and healthcare services.	Limited progress has been achieved in ensuring the adoption and implementation of the social and health care reform. A new level of regional public administration will take care of Finland's social and healthcare services from 2020.	The government has presented large parts of the draft legislation on the reform of the social and healthcare services in the Parliament. However, the formal adoption of the reform has not taken place yet and the effective implementation of the reform has been delayed by one year (January 2020).	<ul style="list-style-type: none"> <li>- The increased expenditure (from 24% GDP in 2017, to 27% GDP by 2030), expenditure on pensions, health and long-term care, due to an ageing population and a declining workforce care is projected to increase.</li> <li>- The difficulties faced by the people outside the workforce in getting the necessary medical care.</li> <li>- The increase in labour shortages due to structural changes in the economy, such as population ageing.</li> </ul>	CSR 1. [...] Ensure the adoption and implementation of the administrative reform to improve cost-effectiveness and equal access to social and healthcare services.
FR	<a href="#">Country report</a>	/	Multiannual antipoverty plan, the main minimum income scheme 'Revenu de solidarité active (RSA)' was increased by 10% in real terms, contributing to a decrease in the intensity of poverty. As of 2018, the specific minimum incomes for elderly and disabled adults will be gradually increased by EUR 100 per month.	/	/
HU	<a href="#">Country report</a>	Public expenditure on healthcare has also declined in Hungary since 2005, albeit the most recent data point to some reversal of this trend. The largest fall occurred in the pharmaceutical budget reflecting a series of cost-containment measures.	/	- The low expenditure on healthcare, which is markedly lower than the EU average.	/
HR	CSR 2. Discourage early retirement, accelerate the transition to the higher statutory retirement age and align pension provisions for specific categories [...].	No progress in reforming the pension system. Reform measures planned for December 2017 are being further postponed to mid-2018. These include the reducing access to early retirement, the increase of the statutory retirement age and the acceleration in the	Reform measures planned for December 2017 are being further postponed to mid-2018.	<ul style="list-style-type: none"> <li>- The high share of the population at risk of poverty or social exclusion, with marked territorial disparities across counties. The elderly, the low skilled and people with disabilities are particularly affected.</li> <li>- The shortcomings in effectiveness and fairness of the social protection system.</li> <li>- The limited poverty reduction capacity of social benefits. Lack of coordination across institutions and lower fiscal capacity of poorer</li> </ul>	CSR 2. Discourage early retirement, accelerate the transition to a higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme. [...].

	CSRs for 2017-2018	Progress made in line with CSR	Reform measures in 2017	Remaining challenges	CSRs for 2018 - 2019
		equalisation of retirement age for women and men.		local government units leads to an uneven provision of social benefits.	
IE	<a href="#">Country report</a>		A new national framework was launched in November 2017 to support the recruitment and retention of the right mix of staff across the healthcare system.	<ul style="list-style-type: none"> <li>- The pressure of primary and community care services on capacity and costs within hospital care. The planned move towards universal health care needs to be supported by multi-year budgeting and better expenditure control.</li> <li>- The increase of expenditure on healthcare and long-term care, due to demographic changes in the coming years. It is expected to increase by 2.9 pp of GDP (1.0 due to health care and 1.9 due to long-term care) from 2016 to 2070, above the EU average of 2.1 (0.9 and 1.2 respectively).</li> <li>- The lack of sufficient staffing in acute care. The number of healthcare professionals remains inadequate, constituting a major hurdle for reducing hospital waiting lists and tackling broader population ageing.</li> </ul>	CSR 1. [...] Address the expected increase in age-related expenditure by increasing the cost-effectiveness of the healthcare system and by pursuing the envisaged pension reforms.
IT	<a href="#">Country report</a>	In recent years a considerable number of nurses have been trained and paid carers are being regulated to address the needs of an ageing population.		<ul style="list-style-type: none"> <li>-The further increase of the share of population above 65 which will worsen old-age dependency ratio.</li> <li>- The limited availability of quality care services for the elderly and for people with disabilities may heavily weigh on female employment. This situation is confirmed by the low proportion of elderly people (5-6 %) receiving public care services.</li> </ul>	
LT	<a href="#">Country report</a>	/	Mapping of health infrastructure enhanced coordination and targeting of investments for improving health-care quality and accessibility and reducing health inequalities in the country, with special focus on prevention, primary care, advanced care centres for complex diseases and special target groups like elderly people.	<ul style="list-style-type: none"> <li>- The insufficient impact of social transfers on reducing poverty for elderly, people with disabilities, children, single parent households (mainly headed by women) and the unemployed.</li> </ul>	/
LV	CSR 2. [...] Increase the cost-effectiveness of	The public financing for healthcare is increased, but little progress on efficiency		<ul style="list-style-type: none"> <li>- The rising at-risk-of-poverty or social exclusion rate for the elderly which is above the EU average of 18.2% in 2016. Over the past 5 years,</li> </ul>	CSR 2. Improve the adequacy of minimum income benefits,

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	and access to healthcare [...].	enhancing measures. Access to the universal healthcare is expected to be limited by linking service provision to social contributions.		poverty risk for the elderly has worsened, largely because pensions have not kept pace with economic growth.	minimum old-age pensions and income support for people with disabilities. [...] Increase the accessibility, quality and cost-effectiveness of the healthcare system.
LU	CSR 2. Ensure the long-term sustainability of the pension system, limit early retirement and increase the employment rate of older people.	In spite of some targeted measures, the employment rate of older workers remains particularly low at 39.6 % in 2016 compared to 55.3 % on EU average.	A law suppressing the 'préretraite de solidarité' was adopted in November 2017 but its impact on the average effective retirement age and on expenditure is difficult to assess due to an easing of restrictions on other kinds of early retirement schemes.	<ul style="list-style-type: none"> <li>- Concerns remain about the long-term sustainability of public finances due to the projected increase in ageing costs. Expenditure on long-term care as a proportion of GDP is one of the highest among Member States.</li> <li>- The overall risk of poverty or social exclusion rate has increased for elderly (aged 65 and above), from 8.2 % in 2015 to 9.1 % in 2016 (significantly above 5.4 % recorded in 2008).</li> </ul>	CSR 1. Increase the employment rate of older people by enhancing their employment opportunities and employability while further limiting early retirement, with a view to also improving the long-term sustainability of the pension system.
MT	<a href="#">Country report</a>	In 2016 the risk of poverty and social exclusion continue to increase to 26.1% for elderly people (higher than the EU average of 17.7 %). The elderly and people with disabilities face a relative increase of their risk of poverty, as they mainly depend on social transfers.	Initiatives are being undertaken to cater for growing demand in the long-term care system. Due to the increasing demand for long-term care, the government is incentivising community-based and home care, which are considered cheaper than institutional or hospital care.	<ul style="list-style-type: none"> <li>- The redistribution of resources and activities from hospital to primary care remain as a challenge the health system. The institutional setting of primary healthcare provision puts pressure on both hospital and emergency care. Hospital and primary care are not well coordinated and emergency care remains inefficiently used.</li> <li>- The access to innovative medicines remains a major challenge, also in budgetary terms.</li> </ul>	CSR 2. Ensure the sustainability of the health care and the pension systems, including by increasing the statutory retirement age and by restricting early retirement.
NL	<a href="#">Country report</a>	In recent years, the Netherlands has taken substantial measures reforming the long-term care and retirement age. The statutory retirement age in the first pillar is being increased in steps to 67 by 2021 and is linked to life expectancy. The government announced that it plans to reform the second pillar of the pension system.	A major reform has been implemented to decentralise long-term care, aimed at achieving efficiency gains and providing tailor-made support.	<ul style="list-style-type: none"> <li>- The increase of expenditure in long-term projected relatively fast compared to the EU average, among others due to the implementation of a framework to improve the quality of LTC ('Kwaliteitskader Verpleeghuiszorg').</li> </ul>	/
PL	<a href="#">Country report</a>	/	In 2017, some efforts were made to distribute healthcare resources more efficiently, but	<ul style="list-style-type: none"> <li>- The safeguard of resources to support important social policy areas, such as health and long-term care.</li> </ul>	/

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			the effects of these measures are yet to be seen.	<ul style="list-style-type: none"> <li>- The long-term care provided by informal carers, often family members who have almost no institutional support, having negative implications for social inclusion and labour market participation.</li> <li>- The underdeveloped long-term care system and disincentives built into the social benefits system.</li> </ul>	
PT	CSR 1. [...] Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector [...].	/	The 'Integrated Responsibility Centers' initiative announced for 2018. A proposal for early retirement reform was announced in spring 2017 with the potential to deteriorate the sustainability of the pension system. The scope of the reform has been limited to the first phase concerning only very long careers.	<ul style="list-style-type: none"> <li>- The high ageing-related fiscal risks which are expected to relate largely to the costs of financing pensions, while health-related costs will increase pressure in the long-term.</li> <li>- The healthcare expenditure accounts for the largest share of ageing costs.</li> </ul>	CSR 1. [...] Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector with a focus on the reduction of arrears in hospitals [...].
RO	CSR 2. [...] Adopt legislation equalising the pension age for men and women. [...] In healthcare, shift to outpatient care and curb informal payments.	The bill on pension age equalisation for men and women is still pending in parliament.	/	<ul style="list-style-type: none"> <li>- The fragmentation of social service provision and its increasingly dependence on the financial capacity of municipalities. There is little coordination in the provision of services between national, local, public and private bodies.</li> <li>- The low provision of long-term care or counselling services. Staffing levels vary greatly between big cities and rural communities, with many municipalities not having a social assistant.</li> </ul>	CSR 2. Complete the minimum inclusion income reform. [...] Improve access to healthcare, including through the shift to outpatient care.
SK	<a href="#">Country report</a>	The progress in transition from the institutional to community-based care is slow and partial, and support for independent living is still insufficient. Newly introduced measures, such as the limitation of the number of persons in assisted living facilities to six per unit and the limitation of 40 places in specialised facilities for seniors, go in the right direction.	/	<ul style="list-style-type: none"> <li>- The long-term care is still largely provided by long-term care institutions and family carers, supported through the caretaker allowance, which will gradually increase to the level of the net minimum wage in 2020. This increase may perpetuate high female inactivity rates due to caring responsibilities.</li> </ul>	/

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SL	CSR 1. Adopt and implement the proposed reform of the healthcare system and adopt the planned reform of long-term care, increasing cost-effectiveness, accessibility and quality care. [...]	The final draft law on long-term care has not been submitted to the National Assembly. The government has prepared an 'Active Ageing Strategy', as a response to a rapidly ageing population. The concrete action plans are still lacking.	A draft law on long-term care has been published in October 2017, and it is under the public consultation. In July 2017, the Economic and Social Council unanimously adopted a document called 'Starting points for the modernisation of the Pension and Disability Insurance System in the Republic of Slovenia' which increases the minimum old-age and disability pension for those fulfilling retirement conditions.	<ul style="list-style-type: none"> <li>- The ensured long-term sustainability and adequacy of the pension system; appropriately addressing changing career paths and reducing old-age poverty risks.</li> <li>- The participation of ageing population in adult learning.</li> <li>- The increased rate (19.9%) of people at risk of poverty and social exclusion for the elderly which is above the EU average of 17.7% and is particularly high for women over 65 (25.0 %; EU average 20.1 %).</li> </ul>	CSR 1. [...] Adopt and implement the healthcare and health insurance act and the planned reform of long-term care. Ensure the long-term sustainability and adequacy of the pension system, including by increasing the statutory retirement age and by restricting early retirement. Increase the employability of low-skilled and older workers through lifelong learning and activation measures.
SE	<a href="#">Country report</a>	Public expenditure on long-term care is projected to increase. Demographic changes imply that under current policies spending on long-term care can be expected to increase significantly, from 3.2 % of GDP in 2016, to 4.9 % of GDP in 2070.	/	<ul style="list-style-type: none"> <li>- The share of the population that receives long-term care benefits is relatively high by EU standards, whereas the underlying level of need is broadly in line with the EU average.</li> </ul>	/
UK	<a href="#">Country report</a>			<ul style="list-style-type: none"> <li>- The financial pressure on the long-term care affecting access to, levels and quality of publicly funded care. This reflects demographically-driven increases in demand, new cost pressures and cuts to the budgets for local authorities responsible for funding and providing care.</li> <li>- The increase of expenditure on long-term care are projected until 2070.</li> </ul>	/