1.1. Projection of public expenditure on health (% GDP), evolution in percentage points (S-20)

1.1.1. Documentation sheet

Description	**Primary indicator** Public expenditure on health (acute and long-term care) as % of Gross Domestic Product (GDP) **Secondary indicators** Public expenditure on acute care as % of Gross Domestic Product (GDP) Public expenditure on long-term care as % of Gross Domestic Product (GDP)
Calculation	The Study Committee on Ageing (*Comité d'Étude sur le Vieillissement, CEV – Studiecommissie voor de Vergrijzing, SCvV*) makes long-term projections of social expenditure (retirement, healthcare, work incapacity, unemployment, child care allowances, and other social expenditure), up to 2070. In what follows we focus on projections for healthcare expenditure, i.e. public expenditure on health with a distinction between acute and long-term care. These long-term projections are based on four types of assumptions: demographic, socio-economic, macroeconomic and social policy assumptions that are summarised in table 1 of the Study Committee on Ageing 2023 annual report.[1] In particular, the average growth rate of labour productivity is assumed to be 0.5% per year during the period 2023-2028, then increased to reach 1.5% per year from 2045 onwards. An alternative scenario is also calculated, with a reduced growth rate of labour productivity in the long term: labour productivity growth is assumed to be the same as in the reference scenario up to 2035 when it reaches 1.0%, then it remains equal to 1.0% per year from 2035 onwards. The long-term projections published in 2023 integrate the 2022-2070 demographic outlook established in January 2023, the 2023-2028 economic outlook published in June 2023 and all measures related to social expenditure already promulgated. Regarding healthcare expenditure, the measures taken by the government and RIZIV – INAMI to ensure that the evolution of the budget for compulsory health insurance does not exceed the real growth norm (2.5% in 2022) are included in the observed data. However, in the projections, the evolution of healthcare expenditure results from specific models and does not take into account the real growth norm. Results are presented at the Belgian level as well as separately according to the level of public authority: on the one hand the federal state including social security organisations and on the other hand the federated entities (regions and communities) and local authorities (provinces and municipalities). Since 2015 and the 6th state reform, some competencies, notably those related to long-term care, have been transferred from the federal state to the federated entities. Regarding projections for healthcare expenditure in particular, it is likely that acute and long-term care are not influenced by the same determinants and not influenced in the same way by common determinants. Therefore these two types of care are modelled separately.[2] Acute care expenditure includes acute care services covered by the compulsory health insurance (fees for GPs and medical specialists, drugs, hospitalisations, implants, physiotherapy, etc.), hospital funding and other social benefits (such as some care to disabled persons) closely related to acute care. In modelling, expenditure is expressed in real terms per capita (deflated by the GDP deflator), as a function of the following explanatory variables: - real GDP per capita (also deflated by the GDP deflator); - demographic ageing, measured as the share of age groups 65-74, 75-84 and 85+ in the total population; - the unemployment rate; - a dummy variable which captures the impact of the extension of health insurance for self-employed workers from 2008 onward;

	- one indicator on the evolution of medical technology. The acute care expenditure model is specified as a log-linear model and estimated on the basis of data for the period 1980-2019. Long-term care expenditure includes nursing care at home, stays of persons in residential care facilities for older people and in mental healthcare facilities, some other expenditure for assistance with the daily living of dependent elderly persons as well as additional insurance for non-medical care (V*laamse Zorgkas*) in Flanders. In modelling, expenditure is expressed in real terms per capita (deflated by the GDP deflator) as a function of the following explanatory variables: - real GDP per capita (also deflated by the GDP deflator); - demographic ageing, measured as the share of age groups 65-74 and 75-84 in the total population; - the life expectancy of the population groups 65-74 and 85+. The long-term care expenditure model is specified as a linear model and estimated with data for the period 1980-2019.
Rationale	Population ageing and technological progress are expected to add pressures on public expenditure on health in the coming decades.[3] At the same time, the proportion of the working-age population that contributes to finance such expenditure is expected to decrease, raising concerns about the fiscal sustainability of health and long-term care systems.[4] These long-term projections can help policy makers to consider the possible evolution of public expenditure and the impact of the main underlying drivers of healthcare costs.[5]
Data source	Study Committee on Ageing (High Council of Finance, Federal Planning Bureau)[6] The Committee is established within the High Council of Finance. The Federal Planning Bureau is responsible for the committee's technical and administrative secretariat.
International comparability	Every three years, the Aging Working Group (AWG) of the Economic Policy Committee (EPC) of the Economic and Financial Affairs (ECOFIN) Council makes long-term projections of social expenditure for the 27 EU member states as well as Norway, published in the "Ageing Report".[5] The 2021 Ageing Report integrates reforms decided up to September 2020. Nevertheless, these projections are not directly comparable to the projections from the Study Committee on Ageing because different projection models and data are used and because different assumptions are made (for more details see the Study Committee on Ageing 2021 annual report).[7] Due to that, comparison of projections for Belgium and the EU are made using projections from AWG rather than projections from the Study Committee on Ageing. For completeness a comparison between both sources is made.
Limitations	Results from the Study Committee on Ageing must be interpreted as long-term projections. They do not intend to give the best possible estimate of the near future. Projections on a more distant horizon take into account trends observed in the past but are inevitably based on assumptions. Given the degree of uncertainty of some hypotheses, analyses of sensitivity of the results to certain key parameters are needed. Rather than presenting exact figures for the future, projections constitute a decision-making aid tool and allow to frame the policy debate. Also, the distinction between acute and long-term care expenditure is not straightforward. Some expenditure on long-term care cannot be identified in the data as they are included in larger components of acute care (for instance, physiotherapist fees are always accounted for as acute care even if they concern long-term care).
Dimension	Sustainability
Related indicators	S-3 Public funding of healthcare (% of current expenditure on health)
Reviewers	Nicole Fasquelle (Federal Planning Bureau)

1.1.2. Results

Belgium

In 2022, public expenditure on health amounted to 44.0 billion € in Belgium. This represents 8.0% of the Belgian Gross Domestic Product (GDP). The major part of this expenditure (35.7 billion €, 6.5% of the GDP) is related to acute care, compared to 8.3 billion € (1.5% of the GDP) to long-term care (Table 1, Figure 1).

Public expenditure for acute care is mainly the responsibility of the federal state (5.7% of GDP compared to 0.8% for federated entities and local authorities) while the opposite is true for long-term care (0.4% of GDP for the federal state compared to 1.1% for federated entities and local authorities) (Table 1, Figure 2).

In the future, public expenditure (as a share of GDP) is foreseen to increase, up to 10.7% in 2050 and 10.8% in 2070. Long-term care expenditure will almost double in percentage of GDP (from 1.5% of GDP in 2022 to 2.8% of GDP in 2050, i.e. an increase of 1.3 percentage point of GDP). Public expenditure for acute care (in percent of GDP) is foreseen to increase by 1.4 percentage point of GDP between 2022 and 2050 (from 6.5% to 7.9% of the GDP) (Table 1, Figure 1).

According to the current division of competencies, the increase in public expenditure for acute care will be mainly supported by the federal state while the increase in public expenditure for long-term care will be supported by federated entities and local authorities (Table 1, Figure 2). Under the Special Financing Act, note that the federal state also transfers resources to the federated entities to finance some long-term care expenditure.

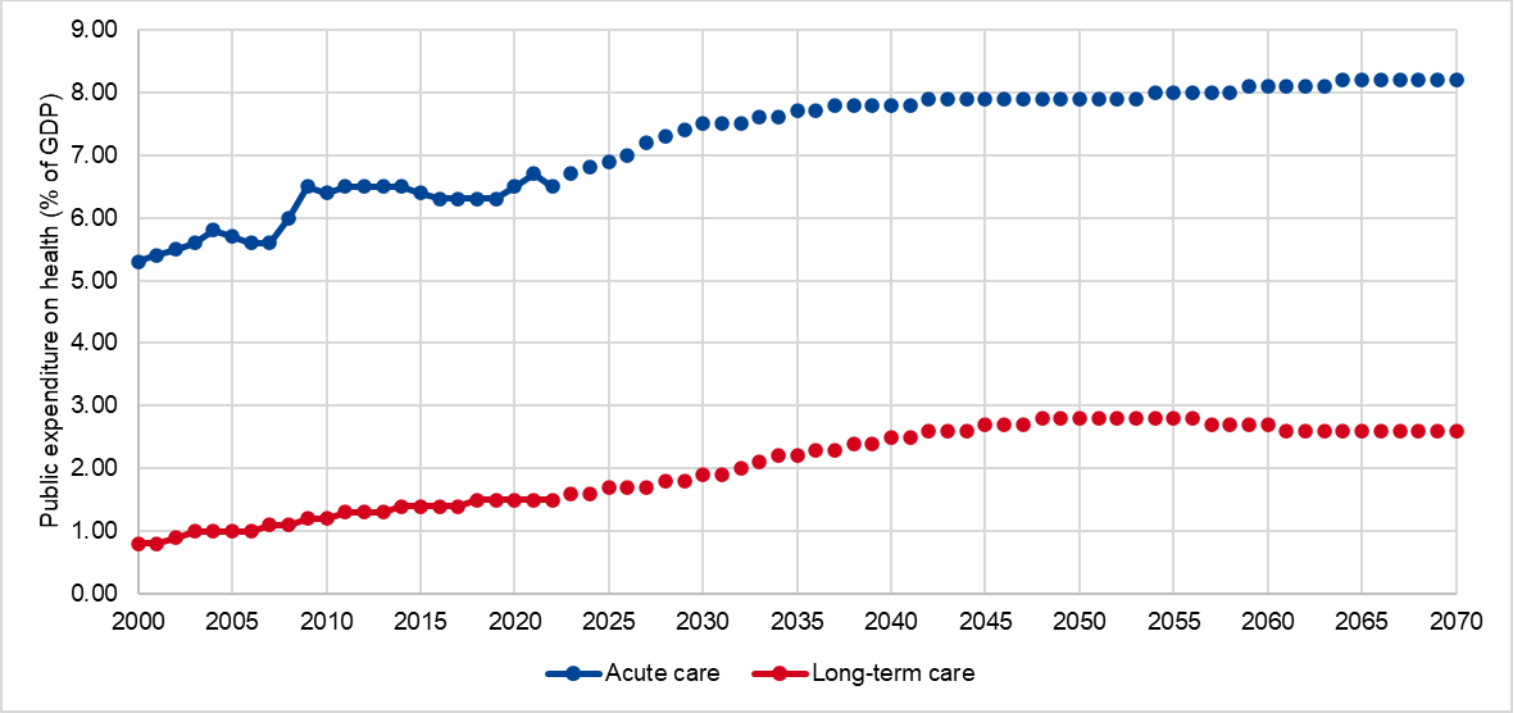
Under an alternative scenario with reduced productivity growth, public expenditure on health is expected to increase more, from 8.0% of the GDP in 2022 to 11.3% in 2070 (compared to 10.8% in the reference scenario) (Table 2).

Table 1 – Public expenditure on health in Belgium (2018-2022 and projections 2023-2070)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2030	2040	2050	2060	2070
Public expenditure on health (% of GDP)	7.8	7.8	8.0	8.2	8.0	8.3	8.4	8.6	8.7	8.9	9.1	9.3	10.3	10.7	10.7	10.8
Acute care	6.3	6.3	6.5	6.7	6.5	6.7	6.8	6.9	7.0	7.2	7.3	7.5	7.8	7.9	8.1	8.2
Long-term care	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.7	1.7	1.7	1.8	1.9	2.5	2.8	2.7	2.6
Public expenditure on health under the federal state (% of GDP)	5.9	6.0	6.1	6.3	6.2	6.4	6.5	6.6	6.7	6.9	7	7.2	7.7	7.9	8	8.1
Acute care	5.5	5.6	5.7	5.9	5.7	5.9	6.0	6.1	6.3	6.4	6.5	6.7	7	7.1	7.2	7.3
Long-term care	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.8	0.8	0.8
Public expenditure on health under the federated entities and local authorities (% of GDP)	1.8	1.7	1.8	1.8	1.8	1.9	1.9	1.9	1.9	1.9	2.0	2.0	2.5	2.7	2.6	2.6
Acute care	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9
Long-term care (including Zorgkas in Flanders)	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.8	2	1.9	1.8

Source: Study Committee on Ageing (2023)[1], reference scenario.

Figure 1 – Public expenditure on acute and long-term care (% of GDP) in Belgium (2000-2022 and projections 2023-2070)



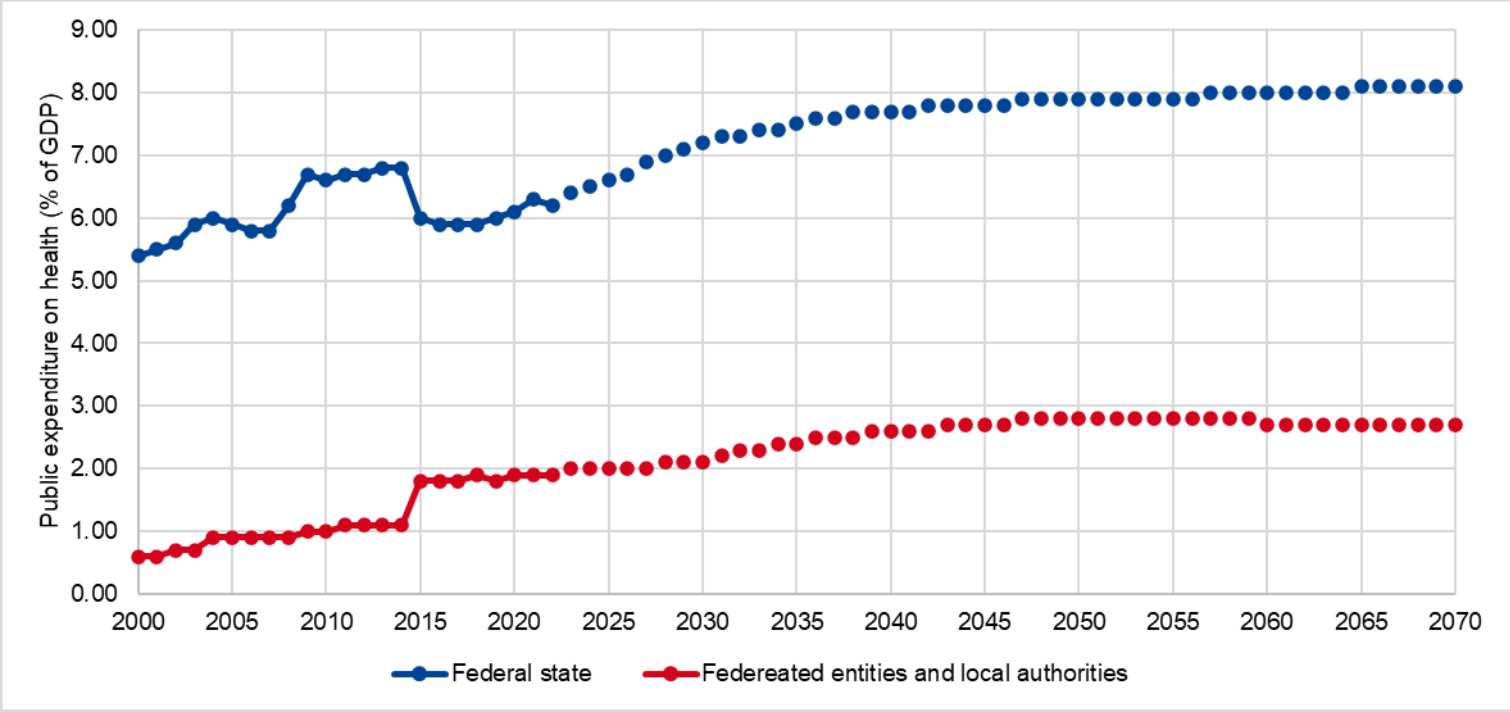
Source: Study Committee on Ageing (2023)[1], reference scenario.

Table 2 – Projections of public expenditure on health in Belgium: reference and alternative scenario

Variation 2022-2070 (GDP percentage points)	Reference scenario	Alternative scenario (S1)
Public expenditure on health	2.8	3.3
Acute care	1.7	1.9
Long-term care	1.1	1.4

Under the alternative scenario, long-term growth of labour productivity is set to 1% from 2035 onwards (compared to 1.5% from 2045 onwards in the reference scenario).
Source: Study Committee on Ageing (2023).[1]

Figure 2 – Public expenditure on health (% of GDP) under the federal state or federated entities and local authorities (2000-2022 and projections 2023-2070)



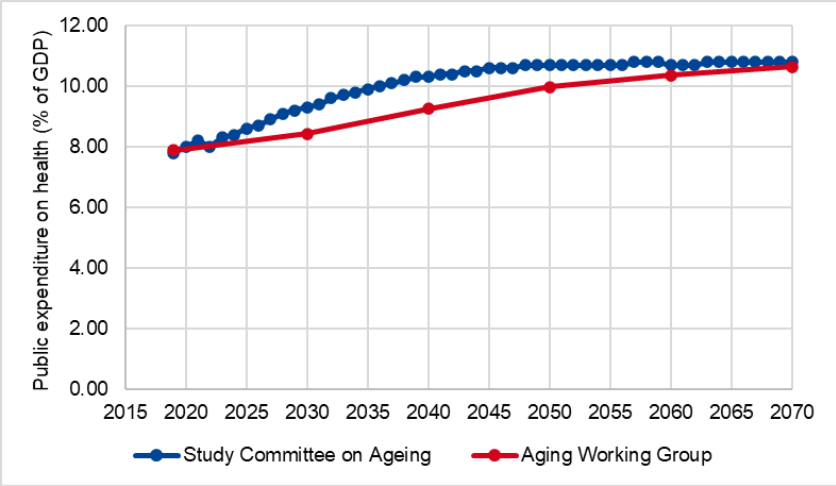
Source: Study Committee on Ageing (2023)[1], reference scenario.

International comparison

The international comparison is based on projections from the Aging Working Group (AWG) of the Economic Policy Committee (EPC) of the Economic and Financial Affairs (ECOFIN) Council that are not directly comparable to the projections of the Study Committee on Ageing, although they show a similar pattern (Figure 3).

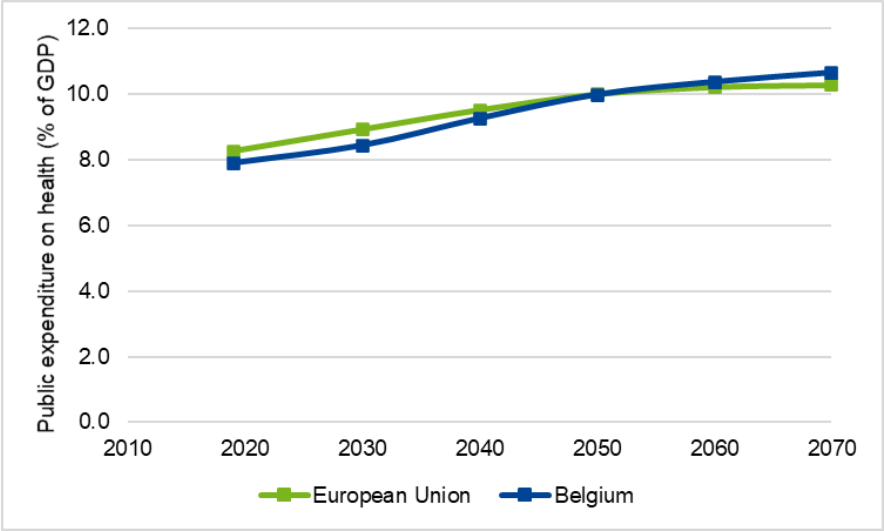
Following the European projection, in 2019, public expenditure on health in Belgium, as a percentage of the GDP, were very close to the EU average. They were projected to follow a similar trend in the short and long term (Figure 4). Nevertheless, public expenditure on long-term care (as a share of GDP) in Belgium were above the EU average, compensated by lower public expenditure on acute care than the EU average. These differences are expected to be slightly exacerbated in the future (Figure 5).

Figure 3 – Projections of public expenditure on health (% of GDP)



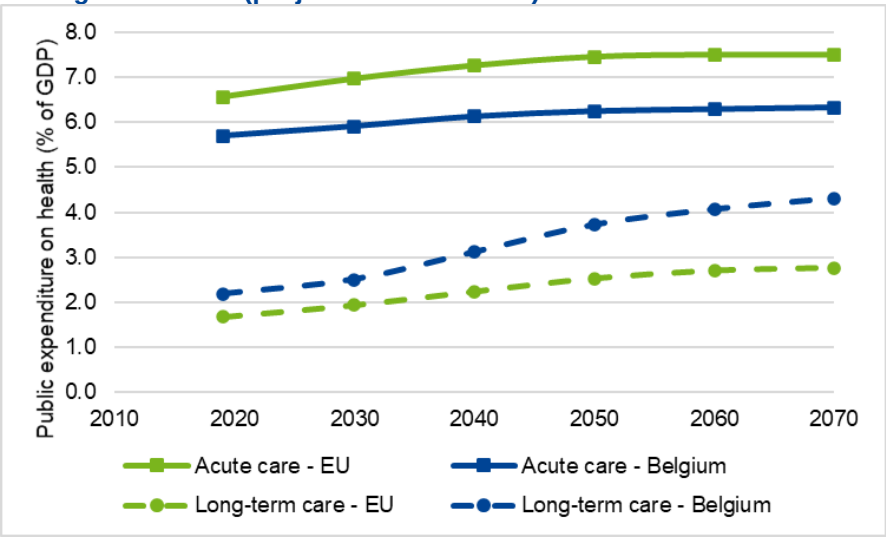
Source: Study Committee on Ageing (2023)[1] and European Commission (2021)[5]

Figure 4 – Public expenditure on health (% of GDP) in Belgium and EU (projections 2019-2070)



EU average is weighted according to GDP. Source: European Commission (2021).[5]

Figure 5 – Public expenditure on acute and long-term care (% of GDP) in Belgium and EU (projections 2019-2070)



EU average is weighted according to GDP. Source: European Commission (2021)[5]

Key points

- **In 2022, public expenditure on health amounted to 44.0 billion € in Belgium, representing 8.0% of the GDP.**
- **In 2022, public expenditure related to acute care represented 6.5% of the GDP in Belgium, public expenditure related to long-term care represented 1.5% of the GDP.**
- **In the future, public expenditure (as a share of GDP) is foreseen to increase, up to 10.7% in 2050 and 10.8% in 2070. Long-term care expenditure will almost double in % of GDP.**
- **Public expenditure on health in Belgium, as a percentage of the GDP, were very close to the EU average in 2019 and are projected to follow a similar trend in the short and long term.**
- **Following european projection, public expenditure on long-term care (as a share of GDP) in Belgium are above the EU average, compensated by lower public expenditure on acute care than the EU average.**

References

1. Conseil Supérieur des Finances. Comité d'Étude sur le Vieillissement. Rapport annuel. Bruxelles: Conseil Supérieur des Finances; 2023.
2. Conseil Supérieur des Finances. Comité d'Étude sur le Vieillissement. Rapport annuel. Bruxelles: Conseil Supérieur des Finances; 2014.
3. OECD, European Observatory on Health Systems and Policies. Belgium: Country Health Profile 2019, State of Health in the EU. Paris, Brussels: Organisation for Economic Co-operation and Development. European Observatory on Health Systems and Policies; 2019.
4. OECD. Fiscal Sustainability of Health Systems. Bridging Health and Finance Perspectives. Paris: Organisation for Economic Co-operation and Development; 2015.
5. European Commission. The 2021 Ageing Report: Economic and Budgetary Projections for the EU Member States (2019-2070). Brussels: European Commission; 2021.
6. Federal Planning Bureau. 2023 Annual Report of the Study Committee on Ageing [Web page].Brussels: Federal Planning Bureau;2023 [cited August 2023]. Available from: https://www.plan.be/databases/data-33-en-2022_annual_report_of_the_study_committee_on_ageing
7. Conseil Supérieur des Finances. Comité d'Étude sur le Vieillissement. Rapport annuel. Bruxelles: Conseil Supérieur des Finances; 2021.