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Research Report

Prepare now: Europe must get ready for the coming long-term care surge

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Prepare now: Europe must get ready for the coming long-term care surge

Svend E. Hougaard Jensen, David Pinkus and Nina Ruer

Executive summary

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DEMOGRAPHIC CHANGE and ageing populations in European Union countries will impact many aspects of the economy and have a direct effect on long-term care (LTC) systems. Demand for LTC already exceeds supply in many EU countries, leading to the ‘care gap.’ This gap is expected to widen, threatening quality of life for the elderly, exacerbating gender disparities and imposing significant economic costs.

THE ROOT CAUSES of the gap include demographic shifts, inadequate public investment, workforce shortages and a heavy reliance on informal caregiving. Women stand to lose the most if no steps are taken to prepare LTC systems for the coming surge in demand because care, both formal and informal, is predominantly provided by women.

THE CARE GAP can be reduced by either increasing the supply of care or by reducing the demand for care. We assess LTC reforms in five EU countries and explain how these can affect the care gap by influencing demand and supply. Governments should:

1. Recognise LTC as a priority. Governments should increase public spending on LTC and make LTC a central policy priority linked to broader goals, including gender equality and economic growth.
2. Expand funding mechanisms. Governments can introduce new means of financing, such as mandatory LTC insurance and pre-funding mechanisms. Most importantly, benefits should target those with the greatest needs, to promote equity and adequacy.
3. Support the workforce more. The LTC sector should be made more attractive by raising wages, improving working conditions and expanding training programmes to attract and retain workers.
4. Develop prevention strategies. EU funds could be directed to research into treatments targeting age-related diseases such as dementia. National governments could invest in public health campaigns and preventive care to reduce future demand.
5. Use the newest technologies. EU countries should invest in robotics and assistive technologies to improve productivity and to reduce physical strain on caregivers.

Recommended citation

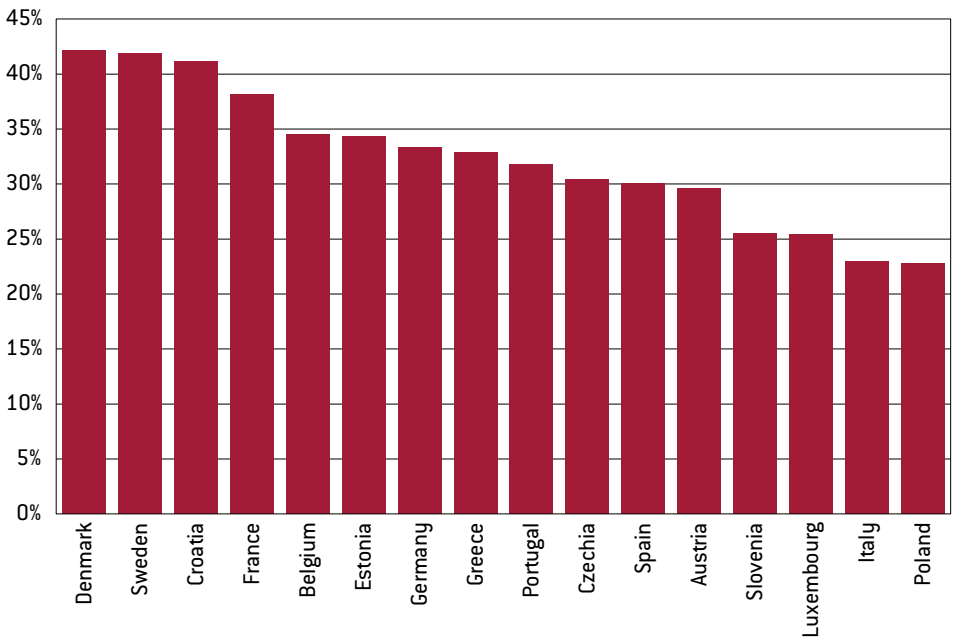
Hougaard Jensen, S., D. Pinkus and N. Ruer (2024) ‘Prepare now: Europe must get ready for the coming long-term care surge,’ *Policy Brief* 02/2025, Bruegel1 Introduction

1 Introduction

Long-term care (LTC) is an essential component of social welfare systems. LTC services support individuals who are unable to perform basic daily activities independently because of old age, disability or chronic illness. However, in many countries, demand for LTC services outpaces supply, leading to a ‘care gap’. In the European Union, depending on the country, 23 percent to 42 percent of people who suffer limitations on their ‘activities of daily living’¹ report not having their care needs met (Figure 1).

This already concerning care gap is projected to widen significantly in the coming decades, as population ageing drives a surge in LTC demand (Belmonte *et al*, 2023). Meanwhile, the LTC sector struggles with major shortages on the supply side. Closing the gap represents a critical challenge for policymakers.

Figure 1: Share of people with limitations in activities of daily living whose needs are not being met, selected EU countries, 2015



Source: Bruegel based on SHARE-ERIC (2024). Note: the figure shows EU countries for which data is available. The figure shows self-reported ‘unmet care needs’, which is a subjective measure, with perceptions of what constitutes ‘met’ and ‘unmet’ care varying across countries. For a more objective comparison, indicators such as the frequency of baths per week, diversity of available food and access to social activities would be needed.

The care gap is not new and is the product of two main factors: ageing and underinvestment. Demographic change, including increased life expectancy, has led to population ageing across the EU. This demographic shift has created a growing demand for LTC services. However, public investment in LTC systems has not kept pace with the rising demand. Most governments have failed to make the LTC sector more attractive to workers, resulting in persistent workforce shortages driven by low wages and challenging working conditions.

A policy response is now needed urgently because demographic change will lead to a surge in demand for LTC as European populations age. If the care gap is not closed, the

1 Activities of daily living (ADL) are basic self-care tasks, including eating, maintaining hygiene and moving about. See for example Eurostat, ‘Disability statistics - elderly needs for help or assistance’, August 2022, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability_statistics_-_elderly_needs_for_help_or_assistance.

quality of life in individuals in old age will be negatively impacted. Caregivers will also suffer increasingly from being overworked in deteriorating working conditions. Where people provide care to family members, they may experience financial, physical and emotional burdens. Women stand to lose the most. Care is predominantly provided by women, who are more likely to reduce working hours because they have care responsibilities at home. This not only results in lower income for women, but also lower social-security contributions, leading to lower pensions than men, on average (Carmichael and Charles, 2003).

Furthermore, for those needing care, unmet needs can lead to deteriorating health, loss of dignity and greater social isolation. Insufficient LTC systems can exacerbate social inequality, as access to care often depends on individuals' financial resources, leaving vulnerable populations particularly at risk. The economic implications are also significant: unmet or poorly managed care needs could result in higher healthcare expenditures because of preventable hospitalisations and complications from chronic conditions (Rocha *et al*, 2020). Policymakers should thus plan today for the coming LTC demand surge before LTC systems are overwhelmed.

2 Understanding the care gap

The care gap results from the demand for LTC exceeding its supply. LTC can be delivered via either formal or informal services. Formal caregivers are paid employees trained as care workers for service providers in formal settings, such as nursing homes or assisted-living facilities. Informal carers are defined as people who provide any help to family members, friends and people in their social network. Such care is usually provided at home and informal carers are usually not professionally trained.

Formal-care demand thus refers to demand for professional LTC services by those who are eligible for care according to the criteria applied within a country's care system. Policymakers can influence this demand directly through reforms to entitlements and LTC service eligibility criteria. Total LTC demand (formal plus informal), however, is primarily driven by the health and physical needs of the population. Thus, the most efficient way to reduce the demand for LTC services is through healthcare reforms².

Informal-care demand can be said to represent the unmet needs when formal LTC services are unavailable, unaffordable or insufficient to address all care requirements. It is thus the difference between the total demand for care and the supply of formal LTC services³.

Reducing the care gap means addressing both sides of the equation: reducing care demand and increasing care supply. Several EU countries have already taken measures to tackle the gap. To help understand such reforms in a range of economic, demographic and cultural contexts, we review LTC reforms in Germany, France, Slovenia, Italy and Denmark since 2015 and explain how these measures can contribute to reducing the care gap⁴. These countries have implemented different reforms since 2015 that highlight various stages of LTC-system development, from highly developed (Denmark) to transitioning (Slovenia), providing comparative lessons.

² Denmark's healthcare reform of 2022 was a good example of the implementation of preventive measures, including public campaigns on healthy lifestyles and anti-smoking and anti-alcohol initiatives, that could ultimately reduce LTC demand.

³ It is important to note that societal norms and personal preferences, such as the expectation that family members will care for elderly relatives, also shape the prevalence of, and reliance on, informal care. However, for the purposes of this analysis, we abstract from these cultural factors to focus on the structural aspects of the care gap and how it can be reduced.

⁴ This Policy Brief discusses the findings from Hougaard-Jensen *et al* (2024). Since the total demand for care is fundamentally shaped by health needs, policymakers can influence overall demand through healthcare system reforms. However, because these reforms relate more to the healthcare sector and not specifically to LTC, we do not analyse them in this paper.

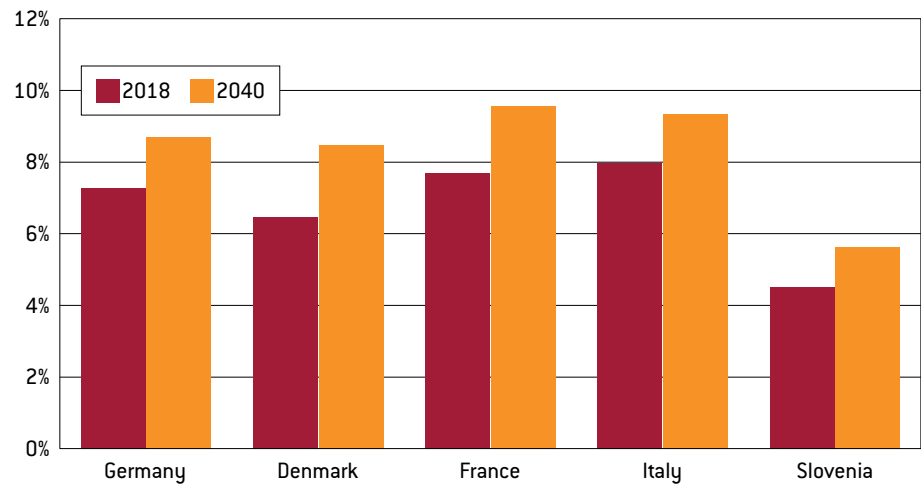
Nevertheless, even in the best-performing countries, additional reforms and increased public financing are essential to ensure that LTC systems can adequately address the growing demands of ageing populations.

3 Why policymakers must act

3.1 Demographic shifts and increasing care demand

Many individuals in the EU who need LTC do not receive adequate care (Pinkus *et al*, 2023; Figure 1). The rising prevalence of dementia, which disproportionately affects the elderly, makes the situation worse. Countries with high shares of elderly people report higher numbers of dementia sufferers as a function of their larger elderly populations (OECD, 2023b). By 2040, over 8 percent of people aged 60 and over are expected to have dementia in the countries we study, except for Slovenia (Figure 2).

Figure 2: Estimated rise to 2040 in prevalence of dementia among people aged 60+



Source: OECD (2018).

The demographic shift towards older populations, although fundamentally positive, poses challenges to pension and LTC systems. Older populations are more likely to require long-term care because of age-related conditions, chronic illnesses and the need for extended support (Belmonte *et al*, 2023). The demand for LTC is therefore set to increase⁵.

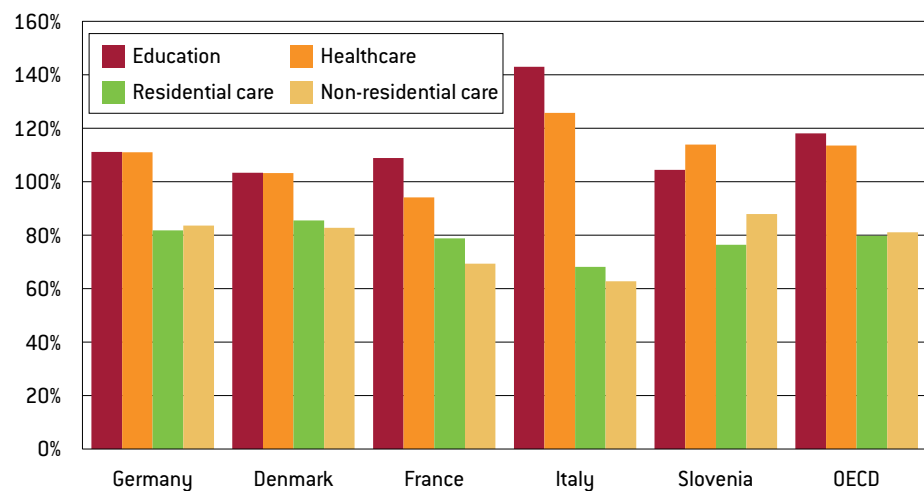
3.2 Challenges to expanding care supply

LTC workforce shortages

The LTC sector faces significant shortages of qualified workers, with nurses and healthcare assistants among the top shortage occupations in 2021 in 18 and 11 EU countries, respectively (McGrath, 2021). Low wages and limited career progression exacerbate recruitment and retention challenges (OECD, 2023a). On average across OECD countries in 2018, LTC workers earned significantly less than those in healthcare and education, with residential and non-residential care jobs paying 80 percent and 81 percent of the economy-wide gross hourly wage, respectively (Figure 3).

⁵ For more details on trends and drivers of the care gap see the website of the BB-Future: <https://www.mea-share.eu/bb-future/>.

Figure 3: Selected sectors, % of the economy-wide gross average hourly wage, 2018



Source: OECD (2023a). Note: These sectoral averages account for all workers within these sectors, including those not classified as LTC workers, such as doctors, cooks or accountants.

Reliance on informal carers

The shortage of formal caregivers cannot completely be filled by informal carers, for several reasons. First, informal caregiving is already widespread, with 14 percent of individuals over 50 in the five countries we study offering daily or weekly care (OECD, 2023b). Second, increasing reliance on informal care is unlikely to be sustainable because of declining fertility rates and increasing childlessness, reducing the pool of potential caregivers (Deindl and Brandt, 2017). Third, greater female labour-force participation limits the availability of women for caregiving (Haberkern *et al*, 2015). Fourth, geographic separation between children and parents makes informal caregiving more challenging (Steinbach *et al*, 2020). Lastly, the increased prevalence of patchwork families has an impact, with stepchildren less likely to provide informal care compared to biological children (Pezzini *et al*, 2008).

Lack of social recognition of care workers

Improving the supply of LTC workers also requires enhancing the level of social recognition they receive. Social recognition refers to the acknowledgment of a worker's contribution to society, which may be expressed through gratitude, social status or adequate remuneration (OECD, 2023a). While care recipients and their families value LTC workers, these workers feel less recognised by managers, policymakers and society at large (OECD, 2023a). Increasing social recognition is particularly important in view of gender equality. Given that women make up over 80 percent of the LTC workforce in all of the five countries we study, greater recognition of their work could lead to better pay, improved working conditions and greater career progression opportunities. These changes would elevate their social and economic status and would also address systemic disparities such as the underrepresentation of women in senior positions within the sector (OECD, 2023a).

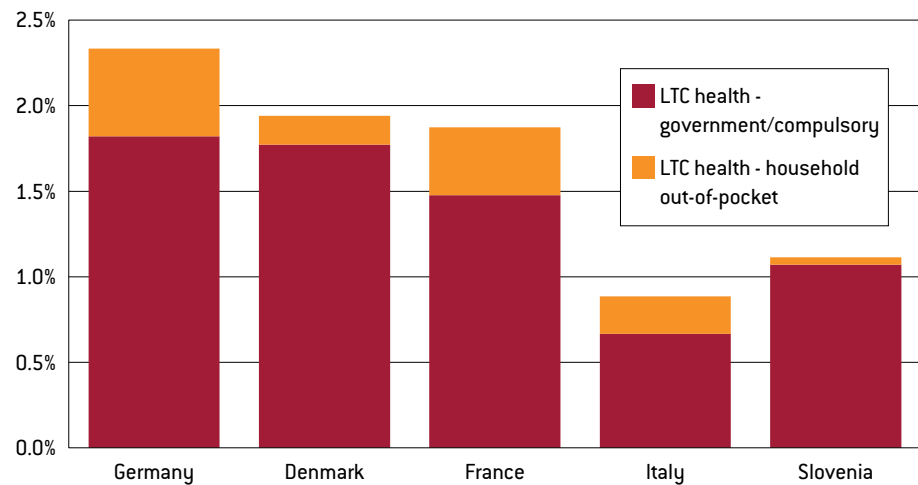
Financial constraints on formal LTC systems

Expanding formal LTC services requires significant financial resources, a challenge for many EU countries where public finances are already under strain. High reliance on out-of-pocket payments and private insurance exacerbates inequalities in care access, leaving lower-income individuals unable to afford necessary services (Baeten *et al*, 2018).

In 2022, Denmark, Germany and France allocated a higher share of GDP to LTC health spending than Italy or Slovenia (Figure 4). Furthermore, out-of-pocket payments accounted

for over 20 percent of total LTC health expenditure in Germany, France and Italy, compared to less than 10 percent in Denmark.

Figure 4: LTC financing in % of GDP - 2022



Source: Bruegel based on OECD. Note: The figure shows health-related LTC expenditure (ie assistance with activities of daily living). The social component of LTC (ie help with instrumental activities of daily living) is less frequently reported by countries than the medical component. It should be noted that the social component of LTC is especially high for Germany and Denmark. Instrumental activities of daily living include more complex activities related to the ability to live independently in the community, including managing finances and medications, food preparation, housekeeping and laundry (WHO, 2022).

The growing long-term care gap underscores the urgent need for policy reforms to address both rising demand and constrained supply. Demographic trends, workforce shortages, and financial barriers highlight the complexity of the challenge. Addressing these issues will require coordinated efforts to attract and retain qualified care workers, provide better financial support for formal LTC systems and ensure equitable access to care services.

4 What has been done so far?

Since 2015, the five countries that we study – Germany, France, Slovenia, Italy and Denmark – have introduced various reforms to address the challenges in their LTC sectors. We grouped these initiatives into four main categories (Table 1):

6. Measures to improve LTC workforce attractiveness;
7. Measures targeted at informal carers;
8. Actions targeting those in need of care;
9. Actions taken with respect to the financing of LTC services.

To identify patterns in LTC reforms across countries and highlight their limitations, we analyse them on a measure-by-measure basis.

Table 1: Reforms in LTC in selected EU countries since 2015

Country	LTC workforce attractiveness	Informal carers	Benefits for people in need	Financing
Germany	<ul style="list-style-type: none"> Establishment of a legal basis to improve wage conditions for care workers; Unified training programme for nursing with no school fees; Uniform national minimum staffing ratios with financial penalties for non-fulfilment, and national minimum wage; More responsibilities for nursing staff; New rules and dedicated agency for non-EU qualified care workers; Employers can hire foreign workers for short-term contracts. 	<ul style="list-style-type: none"> Longer duration of respite care and abolition of pre-care period for respite care; Care support allowance not granted just once per care case but annually. 	<ul style="list-style-type: none"> Several expansions of cash and in-kind benefits for home and ambulatory care; Social long-term care insurance with a prevention mandate; Subsidy scheme for care-related personal contributions in inpatient care; Municipal care through nursing care funds and local advice expansion; Five care grades based on physical, mental and psychological disabilities; Additional funds for home renovations for older people's needs; Higher benefits for dementia patients. 	<ul style="list-style-type: none"> Several increases in contribution rate, especially for those without children; New long-term care fund to secure financial support after 2035.
France	<ul style="list-style-type: none"> Higher wages for qualified workers; Investments of more than €2 billion between 2021-2025 in renovation and digitalisation of care homes. 	<ul style="list-style-type: none"> Respite care; Paid leave for informal carers; Pension credits; Professional certification for informal caregivers. 	<ul style="list-style-type: none"> New services to improve loss-of-autonomy prevention; Measures to fight against isolation of the elderly and to favour care at home. 	<ul style="list-style-type: none"> Fifth branch of social security; Transfer of social debt.
Slovenia		<ul style="list-style-type: none"> Partial payment for lost income; Social insurance. 	<ul style="list-style-type: none"> New assessment tool and newly defined care categories; E-care services. 	<ul style="list-style-type: none"> Compulsory LTC insurance; State budget increase.
Italy			<ul style="list-style-type: none"> Building and refurbishing facilities for people with severe disabilities and dependent older individuals; Single access points; Simplified assessment to identify those in need; Temporary new benefit. 	<ul style="list-style-type: none"> Increase in Fondo Nazionale Non Autosufficienza (FNNA).
Denmark	<ul style="list-style-type: none"> Salary increases and bonuses to promote full-time employment; 1,000 residence and work permits for non-EU social and healthcare workers. 		<ul style="list-style-type: none"> Resilience commission; Holistic care; Permanent teams; Local care home. 	<ul style="list-style-type: none"> Adjustment of municipal co-funding.

Source: Bruegel.

4.1 Higher wages

Raising wages in the care sector has been a central measure to make the LTC sector more attractive. However, these measures seem to fall short of making the sector relatively more financially attractive than other sectors. In Germany, for example, between 2022 and 2025, according to the Federal Statistical Office of Germany, minimum wages for LTC workers are projected to increase by 28.2 percent to 33.1 percent, depending on education level, closely tracking the projected general minimum wage rise of 30.5 percent. While significant, these sectoral increases fail to close the wage gap with other industries. In fact, Figure 3 shows that in 2018 gross wages in residential and non-residential care in Germany were some 16 percent to 18 percent lower than the economy-wide average. This suggests that the increase in care wages *relative* to other sectors would need to be much higher to catch up.

In France and Denmark, wage increases targeted the broader healthcare sector. In France, nurses have benefitted but personal care workers – the majority of the LTC workforce – have been excluded (OECD, 2023a). Net wage increases for French LTC workers were about 5 percent between 2020-2021 (DREES, 2024). In Denmark, wage adjustments have included a 5.81 percent increase in 2024, followed by 2.99 percent in 2025 for all healthcare workers, with additional financial bonuses for nurses working irregular shifts⁶.

4.2 Training and attracting foreign workers

Several countries have introduced measures to attract new workers by promoting training and lowering barriers to entry. Slovenia will financially support training programmes using Recovery and Resilience Facility (RRF) funds, available from the EU under the NextGenerationEU post-pandemic economic recovery initiative⁷. Germany has standardised nursing training and started several programmes to subsidise training. Additionally, both Germany and Denmark have introduced various measures to attract prospective care workers from non-EU countries, making it more appealing for these individuals to emigrate and work in the care sector. Germany also eased conditions to stay in the country for immigrants who train to become care workers in Germany.

While helpful in the short term, reliance on foreign workers poses long-term challenges because there is clearly the risk of further straining already-fragile health systems in migrants' countries of origin, potentially compromising their capacity to provide adequate LTC to their own populations. Language barriers may pose an additional challenge: older individuals tend to have lower foreign-language skills. This can reduce the ability of parts of the immigrant population to perform these tasks.

4.3 Informal care

Recognising the importance of informal caregivers, countries have introduced measures to support them and create opportunities for integration into the formal-care workforce. France and Italy offer professional certification programmes to help informal carers transition into formal-care roles. France and Slovenia have introduced respite care⁸ and France has also introduced paid care leave for informal carers. Such care leave also exists in Germany, Denmark and Italy. In Germany, France and Denmark this includes subsidised pension contributions for time spent caring outside of maternity leave and childcare. Respite care is also available in Denmark and Germany, and Germany decided in 2023 to expand respite care by increasing its duration and by making it more accessible. Slovenia, in a major reform in 2023, introduced partial income replacement for carers based on the national minimum wage and not on the carer's previous employment.

6 *The Local*, 'Danish health sector workers get payrise in new bargaining agreement', 20 February 2024, <https://www.thelocal.dk/20240220/danish-health-sector-workers-get-payrise-in-new-bargaining-agreement>.

7 See <https://next-generation-eu.europa.eu>.

8 Refers to different types of interventions providing temporary relief for informal carers from the burden of providing care.

While these policies alleviate some pressure on formal-care systems, they face limitations. It is important to recognise that, even with some training, informal caregivers often lack the necessary skills to provide adequate care, which can lead to suboptimal or even harmful outcomes for care recipients. Furthermore, increasing reliance on informal care could negatively affect female labour-force participation because informal carers tend to be women, though Japan's experience suggests this risk may be overstated (Pinkus and Ruer, 2024). Japan has one of the highest old-age population shares in the world, but there is a considerably higher female labour supply in Japan than in the United States or the EU.

4.4 Investment in infrastructure and reducing the bureaucratic load

The five countries we survey in this paper have all increased investment in LTC infrastructure to increase supply. Germany and France have focused on refurbishing individuals' homes and care facilities, while building new care and healthcare facilities. Italy and Slovenia have used RRF funds for comparable projects.

Significant investment has also been directed to streamlining administrative processes, enabling LTC workers to devote more time to patient care, which in turn reduces the need for additional personnel. France's *Ségur de la Santé* initiative emphasises digital healthcare, telemedicine and artificial intelligence to support care delivery. Slovenia and Germany have also invested in digitalisation to ease the administrative load on formal LTC workers. Meanwhile, Denmark and Italy have reduced bureaucratic requirements. For instance, Denmark has carried out a supervisory reorganisation that replaces supervision by 98 municipal and state-level inspecting authorities with a unified, inter-municipal supervision model. The aim is to ensure that all necessary inspections of an institution are conducted on a single day each year, addressing issues with overlapping and conflicting oversight⁹.

However, these investments do not address the physical strain on caregivers. One notable area of limited investment is robotics. Care robots are increasingly recognised as a solution for geriatric care. Countries including Japan, the United Kingdom¹⁰ and South Korea have provided funds for research into care robotics¹¹. According to Lee *et al* (2024), the adoption of care robots in Japanese nursing homes has been linked to improved care quality – evidenced by reduced use of restraints and fewer pressure ulcers – as well as increased labour productivity, higher employment and better worker retention rates.

Efforts to address the *demand* for formal LTC services have been less prevalent.

4.5 Expansion of LTC benefits

Germany has expanded significantly the range of health conditions covered by formal LTC services, including by recognising psychological and mental conditions, resulting in a 20 percent increase in LTC recipients from 2016 to 2017. Slovenia launched in 2023 a compulsory LTC insurance scheme with a new assessment tool to categorise care needs. The new assessment tool is based on eight criteria similar to those used in Germany. This will most likely increase the number of people seeking formal care services.

Expanding LTC benefits can widen the care gap, but it may still be desirable from a health and welfare perspective. It makes thus sense that rather than reducing the demand, policy-makers have focused on increasing supply. Furthermore, more people with a wider range of conditions accessing LTC services at an earlier stage can also serve as a preventative meas-

9 Emil Eller, 'Nu kommer regeringens længe ventede slagnummer - her er, hvad vi allerede ved', *DR*, 30 January 2024, <https://www.dr.dk/nyheder/politik/nu-kommer-regeringens-laenge-ventede-slagnummer-here-er-hvad-vi-allerede-ved>.

10 See UK government press release of 26 October 2019, 'Care robots could revolutionise UK care system and provide staff extra support', <https://www.gov.uk/government/news/care-robots-could-revolutionise-uk-care-system-and-provide-staff-extra-support>.

11 See International Federation of Robotics press release of 27 May 2021, 'Investment in Robotics Research – Global Report 2021, IFR releases "World Robotics R&D Programs"', <https://ifr.org/ifr-press-releases/news/investment-in-robotics-research-global-report-2021>.

ure, reducing future demand for care as people age. Such efforts are therefore important for addressing the growing demand for care in ageing societies, and it should be highlighted that prevention is already a major part of Denmark's LTC system.

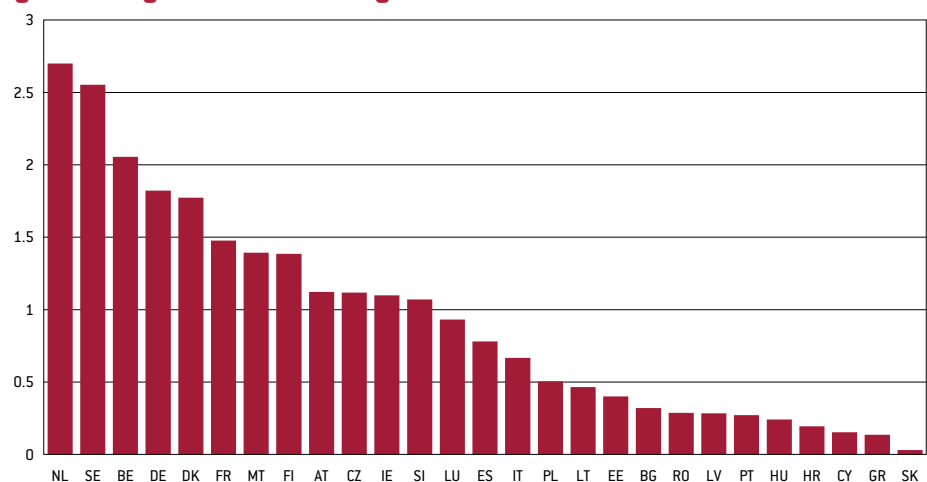
5 What needs to be done?

We have highlighted a number of reforms EU governments have put in place to reduce the care gap by acting on the demand for and supply of LTC services. However, there remains significant room for further action. On the demand side, efforts could focus on reducing the number of individuals requiring care through enhanced prevention strategies. On the supply side, measures should include expanding the LTC workforce and improving labour productivity.

5.1 Recognise LTC as a policy priority

A significant increase in public LTC spending is essential to close the care gap and ensure long-term sustainability. Countries with well-developed LTC systems, such as Germany, France and Denmark, have prioritised improving workforce conditions and addressing shortages. In contrast, countries such as Slovenia and Italy, with less-developed LTC systems, are focusing on more fundamental reforms. Slovenia in 2023 established a comprehensive LTC system for the first time, while a policy debate in Italy on a large-scale reform is ongoing at time of writing. However, decision making in Italy has been slow, likely because of LTC not being a top policy priority, as reflected in Italy's public LTC spending, which remains below 0.7 percent of GDP despite the country's advanced stage in the ageing process. In 2022, this spending figure meant Italy ranked 15 of 27 in LTC spending in EU countries, with the share of GDP spent on LTC at almost a quarter of that of the highest spender, the Netherlands (Figure 5). The differences in LTC spending mostly reflect the stage of development of formal LTC systems, as opposed to more informal arrangements based mainly on care provided by unpaid family members (OECD, 2021).

Figure 5: Long-term care financing in the EU, in % of GDP, 2022



Source: Bruegel based on OECD Health Expenditure and financing. Note: This corresponds only to the part of government/compulsory schemes spent on LTC.

Closer examination of recent LTC reforms raises the question of whether LTC is really a policy priority. To elevate LTC as a policy priority, governments must reassess spending priorities to better reflect the needs of ageing populations. EU countries must provide money simultaneously to meet several large-scale challenges that require additional public spending, including defence and the green transition. More LTC spending would also mean more public resources for the elderly, possibly at the expense of investment in younger generations, such as education investment. Governments must weigh these different priorities carefully given limited fiscal space. However, LTC coverage will become a more important issue because of population ageing, leading to more people needing care. Not addressing LTC issues will result in people not receiving the care they need in old-age and will put additional pressure on declining labour forces in the EU as more people come under pressure to stay home to provide the care not available from public sources.

Prioritising LTC can be achieved by linking reforms to broader policy goals, such as combating gender discrimination, promoting decent work and addressing demographic challenges. The upcoming care wave is expected to have significant implications for labour supply, especially for women, as well as for saving behaviour, productivity and economic growth (Darvas *et al*, 2024). To better understand the workforce dynamics of the LTC sector and its broader effects on other sectors, the EU would benefit from investing in research.

5.2 Find new sources of funding

Ensuring the fiscal sustainability of LTC systems requires innovative approaches. It would be beneficial to explore new private contribution options and pre-funding mechanisms. The introduction of Slovenia's LTC insurance or Germany's LTC fund (Box 1) could provide useful lessons for the future to roll out LTC insurance at large scale.

Box 1: Examples of funding mechanisms

In Germany, starting in 2015, 0.1 percentage points of the contribution rate paid by Germans for statutory long-term care insurance has flowed into a fund (in the form of a special asset managed by the German Federal Bank) intended to finance the expected growing burden of long-term care from 2035 onwards. This represents approximately €1.7 billion annually. For 2024-2027, however, it was decided to reduce the money allocated annually to this fund from €1.7 billion to €0.7 billion.

Slovenia's LTC insurance scheme, introduced as part of the 2023 Long-Term Care Act, is financed through compulsory contributions and state budget funds (Poldrugovac, 2023). The contribution rate is set at 1 percent for employees, employers and pensioners from net pensions, and 2 percent in some specific cases, such as for self-employed persons or individuals working in agricultural activities. On top of this, €190 million annually will come from the state budget.

Improving the targeting of LTC benefits can also promote adequacy: the ability of benefits to provide appropriate and sufficient resources for individuals with long-term care needs. For instance, in all of our surveyed countries except Italy, public benefits are targeted to those with greater needs, which aligns resource allocation with the principle of adequacy by prioritising those who require the most support. Finally, the scope for mandatory LTC insurance should also be explored across the EU. Just as mandatory pension contributions have significantly improved income security in old age, new strategies are needed to address the health challenges posed by longer life expectancy. The European Commission can play a role by identifying best practices across the EU.

5.3 Strengthen preventive health policies to contain costs

Promoting healthy ageing and reducing future LTC demand are crucial for containing costs (OECD, 2024). Preventive health measures such as public campaigns for healthy lifestyles, anti-smoking and anti-alcohol initiatives (eg Denmark's 2022 health reform; see footnote 2), and rehabilitation programmes are the only effective options to contain need for LTC services in the long term. The European Commission can here also help: European funds can, for instance, support research into cures for cognitive diseases causing dementia.

5.4 Raise wages and promote social recognition

The measures taken to increase wages in the sector, while appearing significant at first glance, might not make the LTC sector considerably more attractive than other sectors. In Germany, the sectoral LTC minimum wage has broadly evolved in line with the general minimum wage, while in the other countries the increases are unlikely to make up for the significant initial wage gap between the LTC sector and other sectors. Governments should extend wage increases to less-educated care workers, who bring essential skills to the sector. They should also expand collective agreements to cover all LTC workers.

In addition to higher wages, information and recruitment campaigns challenging gendered care norms and training certifications are key. Women are often perceived as 'natural' caregivers. Therefore, it is important to not only fight gender discrimination in the labour market but also gender norms and stereotypes more generally, in order to reshape the distribution of care responsibilities. Expanding hiring efforts to include more men could help address workforce shortages and alleviate outdated gender norms.

5.5 Support family policies for care workers

Given the predominantly female LTC workforce, raising wages alone may not be enough to address challenges related to work-life balance, especially for those working irregular hours. Policies promoting work-life balance will be critical for retaining female workers and encouraging longer working hours (OECD, 2023a; Bouget *et al*, 2017). Policies supporting families can make the sector more sustainable. Flexible childcare solutions, like those proposed in Germany, can help workers balance family responsibilities with irregular shifts.

Through EU initiatives, member states could receive guidance and funding to implement family-friendly policies. The Commission could establish indicators to assess the impact of family-friendly policies on care-worker wellbeing and sectoral performance. They could also use programmes such as the European Social Fund Plus (ESF+¹²) to co-finance family-supportive workplace adaptations in the care sector.

Increase the use of new technologies, introducing advanced technologies can help address LTC worker shortages. These technologies can improve the productivity of LTC staff and also alleviate the physical demands of their jobs, reducing worker burnout and dropout (Lee *et al*, 2024; OECD, 2023a). Additionally, they make the sector more attractive. Assistive technologies, ie devices that help caregivers in performing tasks or that increase patient comfort and safety, play a crucial role. For instance, robotics can minimise physical and administrative workloads, improve the quality of care and promote worker retention. EU countries should increase investments in robotics and mobility devices to reduce the physical strain on care workers¹³.

12 See <https://european-social-fund-plus.ec.europa.eu/en>.

13 Table 5.3 of OECD (2023a) provides a few examples of new inexpensive technologies implemented in LTC sectors in OECD countries.

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