ESSPROS user presentation:
DG ECFIN, C2

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19/11/2014

ESSPROS Conference
1. Introduction

- C2 in DG ECFIN of the European Commission, long-term sustainability of public finances.
- Produces Long-Term projections of public finances, including pensions, health and long-term care (LTC) expenditure
- Produces Thematic Assessment Framework, used to identify potential Country Specific Recommendations (CSRs)
2. Use of ESSPROS data

- **Activity: Ageing Report (AR) public expenditure on health care**
  - Expenditure on health care for MS who do not compile data according to the System of Health Accounts (SHA)
  - Variables:
    - Sum of "Inpatient" and "Outpatient" in the "Sickness/health care" function
    - "Other benefits in kind" in the Family/children function
    - "Rehabilitation of alcohol and drug abusers" in the social exclusion n.e.c function
    - Capital formation in health
  - These variables are aggregated to estimate total public health expenditure
2. Use of ESSPROS data

Main problem: lack of comparability with SHA data

- Cannot deduct LTC(health) from health care. ESSPROS data on inpatient and outpatient care includes some LTC expenditure.
- Health promotion and community health programmes are included in SHA but not explicitly in ESSPROS. Proxy by using specific sub-categories of the functions Family/Children (other benefits in kind) and Social Exclusion (rehabilitation)
- Cannot immediately identify government-only expenditure
- ESSPROS does not include capital formation, so need to use OECD health data
2. Use of ESSPROS data

- **Activity: AR Public expenditure on LTC cash benefits - ESSPROS**

<table>
<thead>
<tr>
<th>Function</th>
<th>Sub-category</th>
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<tbody>
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<td>2. Disability</td>
<td>Periodic care allowance</td>
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<td>Periodic economic integration of the handicapped</td>
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<td>Lump sum care allowance</td>
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<td>3. Old age</td>
<td>Periodic care allowance</td>
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- Aggregated to estimate total public expenditure on LTC cash benefits
2. Use of ESSPROS data

Main problem: lack of comparability with SHA data

- In some Member States, cash benefits may be partially accounted for in SHA, HC.3 (SHA code for Long Term Care).
- Therefore adding ESSPROS cash benefits will cause double-counting
- But not adding ESSPROS cash benefits will in most cases cause under-counting.
- We depend on information provided by Member States to arrive at correct estimates
- Estimates are often based on approximation
3. Improvements and developments

- Improvements to existing ESSPROS data
  - Comparability (clearer links) with SHA data
  - Need to identify government-only expenditure (impact on government budget)
  - Crucial issue, as it affects the credibility of the Ageing Report and the Country Specific Recommendations
  - We look forward to working with Eurostat and Member States on this