

# FINANCING LONG-TERM CARE A SOCIAL SERVICES PERSPECTIVE

## EXECUTIVE SUMMARY

This is the Executive Summary of the briefing '**Financing Long-Term Care – A Social Services Perspective**', published as an output of the **European Social Network's (ESN)** 2025 Workshop on Long-term Care (LTC) organised on 7 April 2025 in Warsaw, Poland. The briefing draws lessons learned on how to create financially viable long-term care systems, with particular focus on the regional and local authorities' perspective. It describes how changes to the design of funding mechanisms, service planning and delivery can lead to more efficient public spending for LTC.

Read the [full briefing](#) for a more comprehensive review of ESN's proposals on creating financially viable long-term care systems.

### What is the financing of LTC?

Financing includes mobilising, directing, and managing resources for LTC. Mobilisation draws on sources such as social insurance contributions, taxes, out-of-pocket co-payments, private insurance, and unpaid care

### Why do governments need to change their perception of LTC spending?

Public expenditure for LTC should be seen as an invest not a cost. It promotes economic growth by creating jobs in the health and social protection sectors. Additionally, it alleviates the pressure on informal caregivers - mainly women - by easing their caregiving duties, which allows more to join the labour market.

### How to improve LTC governance?

In LTC, financial responsibilities are distributed vertically across all levels of government and, horizontally, primarily between health and social care. Investments in more integrated care funding and provision across governance levels and sectors are part of the solution to more sustainable financing solutions. Shifts in budget responsibilities should not create adverse effects, such as incentives to direct people to less efficient care provision or to make micro-level savings at a certain level of government.

### How to strengthen local authorities' capacity in LTC financing?

On average, local authorities bear about 25% of national LTC expenditures. Given projected growth rates in LTC spending, subnational governments will need to partially bear the burden of LTC costs and will require additional financial resources. Central governments can address projected increases in needs by either establishing local needs-based financial distribution systems

and earmarking funds for local long-term care expenses or allowing increased local tax-raising.

### **What role for LTC commissioners and public buyers of care?**

Adequate and predictable funding enables consistent services and support delivery. It helps build trust among funders, commissioners, and care providers and can help avoid transactional costs associated with frequent provider changes and the establishment of collaboration between organisations involved in care.

### **How can a change in the LTC model lead to more effective spending?**

Investment in home and community-based care services can prevent early reliance on cost-intensive residential services. Service integration can further help maintain people's ability to remain in their homes despite frailty, for instance, by better coordinating hospital discharges and home care services.

### **How can improved workforce policies help gain efficiency?**

Gaps in workforce planning, recruitment, and training can lead to avoidable costs across the health and social protection sectors, undermining the economic sustainability of LTC systems. Therefore, public funders of care should invest in care workers' wages to improve the sector's competitiveness in attracting qualified workers.

### **How can we mobilise the community to ease financial pressure on LTC systems?**

Strengthening the involvement of the wider community of older persons, for example, through volunteer coordinators or online platforms, can help reduce pressure on long-term care services, both in terms of financial and human resources, especially in prevention, active ageing, the provision of basic personal household services, and early needs detection.

### **How can more accessible living environments lead to more efficient LTC?**

Governments at all levels should invest in accessible housing and public spaces that enable people to live and participate in their communities despite their frailties. The more people can care for themselves and are mobile in their homes and communities, the less burden will be on the formal long-term care system.

### **How can investments in digitalisation help ease financial pressure?**

Investment in digitalisation can make LTC provision more effective by enabling easier communication between providers and the coordination of interventions. Investing in technology-enabled care and assistive devices increases independence by enabling individuals to stay in their homes with support available as needed.

## What support services can secure the financial viability of care systems?

Most people are cared for by informal carers and relatives. Reducing the burden on carers can prevent people from needing to be taken into the professional care system. To relieve carers from physical and mental stress, it is crucial to have counselling and support services and respite care in place.

## What possibilities does EU funding provide?

The EU provides many funding opportunities for long-term care, targeting different investment priorities in accordance with the specific regulations of the various funding programmes. These funds should be mobilised by national and local services to induce change processes in LTC systems and scale up successfully tested solutions across regions and countries.

