

Health and care expenditure: focusing on benefits

Key Points

- As more staff will be needed in the future, higher expenditure will be necessary across health and care sectors. Funding additional jobs will incur costs for the public sector. However, the positive aspects of this expenditure should not be overlooked. When examining costs in the health and care sectors it is important to also take their economic and social benefits into account, especially as these sectors grow.
- Cost considerations are usually at the forefront of public debates. Hence, a change of perspective is needed. Costs on the one hand are benefits on the other. 'Benefits' can be quantified by direct returns from taxes and duties for the public sector, but also in terms of employees' income. The latter leads to rising demand, which, through production linkages, results in indirect or indicated benefits throughout the economy. The health and care sector creates stable, non-cyclical jobs that contribute to the stability of the national economy.
- According to a study commissioned by the Upper Austrian Chamber of Labour, predictions have been made about both the upcoming costs and spending for health and care services through 2030, as well as their expected benefits. The overall benefits outweigh the costs.
- The study estimates future costs based on additional staffing requirements. On the one hand, additional staffing requirements arise from increasing demand for healthcare services due to demographic and climatic developments. However, on the other hand additional staffing requirements are anticipated to alleviate the burden on existing healthcare personnel.

Background

Pressure on health and care sectors is increasing. Patients and employees are bearing the brunt of this. Survey data from AK OÖ & IFES shows that only 36% of people were satisfied with Austria's healthcare system in 2025, down by 11 percentage points from 2023 (AK OÖ & IFES, 2026). Healthcare workers are more likely to frequently encounter greater time constraints and sustained work pressure compared to the typical employee. 37.8 per cent of healthcare workers complain of (high) stress levels due to time pressure. The average across all professions is only 29.6 per cent (AK OÖ & IFES, 2025).

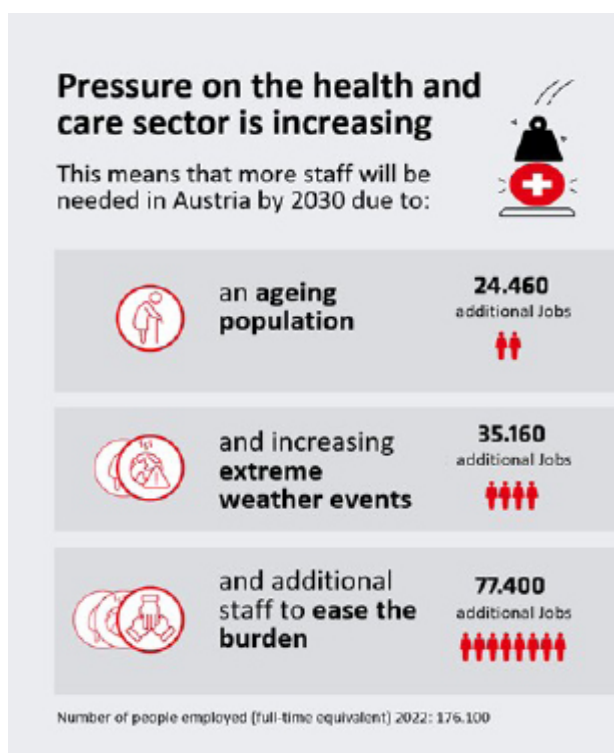
The number of people aged over 65 in Austria will rise by almost 23 per cent between 2022 and 2030. Due to these demographic developments, demand for healthcare services will also increase. Other factors driving demand include the climate crisis and an increase in extreme weather events, such as heat waves. Meeting this demand requires more staff. To encourage people to choose a career in healthcare, the workload needs to be reduced. By hiring additional staff, the growing demand could be distributed among a larger workforce, helping to lessen the impact on individual employees.

A study commissioned by the Upper Austrian Chamber of Labour uses these three scenarios ('demographics', 'climate-related changes', 'workload reduction') to show how much additional staff is needed and what costs this will entail. However, the central issue concerns public sector benefits and returns.

Main Findings

The study projects staffing needs, associated costs, and anticipated benefits under three progressively developed scenarios. The demographic trend towards an ageing population serves as the baseline scenario. The other scenarios build on this. In the second scenario more frequent extreme weather events are expected to increase mortality (APPC, 2018). This increased

mortality leads to increased morbidity, which in turn increases the demand for healthcare services. In the third scenario -in addition to the staff requirements for scenario 1 and 2-full-time equivalent personnel units are projected to rise by 20 percent. This should lead to a reduction in the workload of healthcare personnel and make entering healthcare professions more attractive. The estimates include medical and non-medical staff in hospitals, exclusively medical staff in private practice and nursing staff in long-term care. The final scenario involves an ageing population, increasing extreme weather events and additional staff. According to this scenario, the additional demand for 2030 will be 77,400 full-time equivalent staff units for the whole of Austria. If, by comparison, only demographic trends are taken into account, the additional staffing requirement would be around 24,460 full-time equivalent staff units.



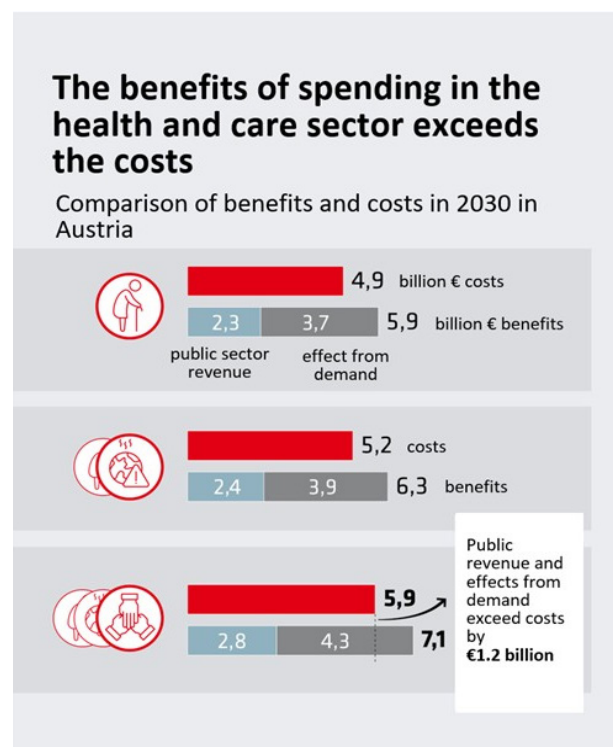
Expenditure leads to revenue

Expenditure is derived from staffing requirements. The total expenditure includes both additional staff and the staffing levels for the base year 2022, which amount to 176,100 full-time equivalent positions, as well as ongoing material costs. However, investments of any kind are not taken into account. If the response were based solely on demographic trends, expenditure on personnel and material resources in 2030 would amount to €33.7 billion. However, factoring in higher demand from frequent extreme weather and a 20% workforce increase, costs reach €40.6 billion.

Of these €40.6 billion in expenditure or costs, €19.3 billion flows directly back to the public sector. Revenue sources include €6 billion from income tax, over €7 billion from social security contributions, and more than €2 billion from other income-related taxes. In total, this represents almost 38 per cent of total expenditure. Furthermore, VAT revenues are generated from the purchasing power of employees and from material expenses. These amount to almost €4 billion and correspond to over 9 per cent of total expenditure. Thus, income-based and consumption-related taxes and levies return more than 47 per cent of total expenditure to the public sector.

Benefits exceed costs

As well as revenue for the public sector, there are also benefits to be gained from economic interdependence. The additional income earned by employees leads to rising demand, which in turn leads to increased induced value added. The magnitude of this effect is measured with production and consumption multipliers. The total expenditure of €40.6 billion generates benefits of around €28.8 billion through economic interdependence.



The combined benefits from public revenue and effects from demand result in a total benefit of €48.1 billion. Total expenditure will therefore exceed total benefits by €7.5 billion. At this point, the temporal inconsistency of the effects must be taken into account. Apart from wage-related taxes and contributions, other benefits do not arise immediately at the time of expenditure. The public sector must pre-finance expenditure. However, the effects and returns described will materialise in the medium to long term.

Accordingly, every euro spent in the health and care sector therefore generates a benefit of approximately 1.2.

Spending creates and secures jobs

The benefits can provide information about jobs created or secured. The 253,500 jobs (176,100 in 2022 + 77,400 additional) in the 'workload reduction' scenario create or secure 289,280 jobs. The study does not consider staff's previous employment or the added value of their current jobs in health and care. Consequently, it is not possible to differentiate between the extent to which new jobs are being created and existing jobs are being safeguarded. However, even without this differentiation, it can generally be concluded that one job in the health and care sector creates or secures slightly more than 1.1 jobs in the rest of the economy.

Broader perspective needed

The challenges in the health and care sector are growing. Additional expenditure is becoming inevitable, and not only because of demographic changes. Financing debates are often conducted in a one-sided manner, with mere reference to expenditure and costs. However, costs and benefits are two sides of the same coin, with the benefits in the health and care sector significantly outweighing the costs.

The fact that costs in the health and care sector are rising is not only due to demographic effects, climate-related changes or increasingly effective – but also more expensive – treatments. One reason is simply that this sector offers little scope for rationalisation. Unlike industrial manufacturing, jobs that involve caring for or assisting sick individuals have limited possibilities for automation. A greater share of economic output will likely need to be allocated to health and care in the future.

The question is not whether we can afford this as a society, but whether we want to afford it politically. Especially now, in economically challenging times of rising unemployment, these investments in jobs that are not dependent on the economic cycle – such as those in the health and care sectors – are urgently needed.

Demands

- Demand for healthcare services will increase due to demographic effects and climate-related changes. Improved treatments will also drive up costs. In order to ensure that the population continues to receive adequate care in the future, additional spending in the health and care sector is essential.
- Healthcare workers are under enormous pressure. In order to meet future staffing requirements, working conditions need to be made more attractive. Additional staff are urgently needed, not only to meet rising demand, but also to reduce the workload per staff member.
- The benefits outweigh the associated costs and expenditures. The study shows that about 38% of expenditure incurred is immediately returned to the public sector via income-related taxes and levies. By including consumption-related taxes, the return increases to 47 percent. When demand and production effects are factored in as well, the overall benefits surpass costs. Focusing exclusively on expenditure obscures these positive benefits. However, future forecasts and public debates should also consider potential benefits.

Literature

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AK EUROPA

The Austrian Federal Chamber of Labour (AK) is the legal body which represents the interests of approximately 4 million employees and consumers in Austria. It represents its members on all social, educational, economic and consumer policy-related issues at a national level and in Brussels at an EU level.