Dementia and Budget 2027

Why community-based care is the fiscally responsible choice

KEY MESSAGE:

- **Investing in community dementia care is not only a health and social care priority. It is a cost-avoidance strategy that can reduce pressure on hospitals, Fair Deal, social protection and family carers.**
- **As Ireland's population living with dementia increases doubles from 69,949 to 151,092 by 2050 annual costs will continue to rise, building capacity now will reduce cost impact today and in the future.**

The Alzheimer Society of Ireland recently commissioned the analysis, **The Fiscal Cost of Inaction: Economic Analysis Supporting the ASI Pre-Budget Submission 2027** to better understand the true economic impact of dementia and the financial benefits of investing in community-based supports. Authored by economist Dr Brian O'Donnell, the report builds on The ASI's Pre-Budget Submission 2027 and examines the long-term consequences of failing to invest in services that help people with dementia remain living in their communities.

Its conclusion is clear: community dementia services should not be viewed simply as an additional cost to the Exchequer. Strategic investment in home support, day services, early intervention and carer supports can reduce pressure on hospitals, long-term residential care and social protection budgets, while enabling people living with dementia to live well for longer and with greater independence.

The report's central conclusion is that community dementia services should be viewed as an investment rather than an expenditure. It estimates that failure to invest adequately in community supports could cost the State approximately **€476 million per year in 2027**, rising to **€505 million annually by 2030**, through higher spending on acute hospital care, Fair Deal placements, social protection and the consequences of carer burnout. By contrast, an investment of **€100-120 million** in community-based dementia supports is estimated to generate savings of approximately **€3.97 to €4.76 for every €1 invested**, with net annual savings of **€356-396 million**. Even after applying a 50% discount for uncertainty, the return remains positive. The report therefore argues that investing earlier and in the right settings can both improve quality of life for people living with dementia and reduce future pressure on public finances.

1. Demographic change: a known budget pressure

Ireland's dementia population is growing rapidly. Currently an estimated **69,949** are living with dementia, rising to around to **151,092** by 2050. This is not a distant or uncertain pressure. It is a predictable demographic reality.

Around 63% of people with dementia live at home. This means the strength of community support will largely determine whether people can remain at home, or whether they are pushed prematurely into acute hospitals, delayed discharge or long-term residential care.

2. The economic cost of dementia

The annual economic cost of dementia in Ireland is estimated at approximately €4.47 billion in 2027, rising to €4.89 billion by 2030. Of the 2027 cost, around €2.33 billion falls on formal State health and social care, while approximately €2.15 billion is borne by unpaid family carers.

When the State underfunds community supports, the cost does not disappear. It is displaced into more expensive parts of the public system and onto families, with knock-on effects for employment, tax revenue, social protection and carer health.

3. Where community investment releases pressure

Fair Deal: The State's annual liability for one nursing home resident is estimated at €48,671. A standard home support package costs around €11,440 per year, while a more complex dementia-specific package costs around €22,880. Supporting a person at home can therefore cost the State between two and four times less than residential care.

Hospitals and delayed discharge: People with dementia are more likely to experience unplanned admission and longer hospital stays where community supports are weak. Preventable acute hospital episodes linked to inadequate community support are estimated to cost approximately €45 million per year.

Day centres and respite: Dementia-specific day centres provide routine, social connection, cognitive stimulation and respite for family carers. They help stabilise care at home and prevent crises that lead to hospital admission or premature nursing home placement.

Carers and social protection: Inadequate formal support and burnout, forces many family carers to reduce hours or leave work. The fiscal cost of carer burnout is estimated at €144.6 million per year through lost income tax and PRSI, additional Carer's Allowance payments and avoidable carer health costs.

4. The cost of inaction

According to the report, if Budget 2027 does not increase investment in community-based dementia supports, the State will still pay. It will simply pay through the least efficient channels: crisis hospital care, delayed discharge, premature Fair Deal placements and avoidable social protection costs.

Area of budget pressure	Estimated 2027 annual cost
Avoidable Fair Deal admissions	**~€238m**
Inadequate day centre provision	**~€24m**

Area of budget pressure	Estimated 2027 annual cost
Preventable acute hospital admissions	~€45m
Missed early intervention and post-diagnostic support	~€24m
Carer burnout, social protection and lost tax revenue	~€144.6m
Total annual cost of inaction	**~€476m**

By 2030, the annual cost of inaction rises to approximately €505 million. Across 2027 to 2030, cumulative exposure is estimated at almost €1.97 billion. Delay is therefore not fiscally neutral: each year without adequate investment locks in a higher baseline of avoidable cost.

5. The Budget 2027 choice

An annual investment of €100 million to €120 million in community-based dementia supports is estimated to avoid approximately €476 million in State costs. This represents a return of around €3.97 to €4.76 for every €1 invested. Even after applying a 50% uncertainty discount, the return remains positive.

The fiscally responsible option is to invest earlier, in the right settings. That means dementia-specific home support, day care at home, day centres, Dementia Advisers and structured post-diagnostic support.

What The Alzheimer Society of Ireland's eight asks for Budget 2027

1. Develop new dementia-specific Day Care Centres

€240,000 | Five new centres | 40 clients per week | 2,000 annual attendances

Dementia-specific day centres are vibrant community hubs where people living with dementia can connect, stay active and thrive beyond the home. The investment will establish five new one-day centres in areas of greatest demand.

2. Expand capacity in existing Day Care Centres

€100,000 | Three existing centres | 20 clients per week | 2,500 annual attendances

The investment will expand capacity across Bessboro in Blackrock, Cork City; Whistlemount in Navan, Co. Meath; and Bethany House in Carlow, strengthening access to social interaction and structured, person-centred activities.

3. Increase Day Care at Home Supports

€716,100 | 21,700 hours | 173 new clients

Day Care at Home provides one-to-one, activity-based support delivered by trained care workers. Expansion will target areas of greatest need and help address regional inequities in access.

4. Increase Dementia-Specific Home Care Support

€6,163,200 | 180,000 additional home care hours ringfenced for dementia

Dementia-specific home support provides person-centred, consistent and continuous care, designed in partnership with the person living with dementia and their family carer.

5. Expand the Dementia Adviser Service

€629,000 | Eight additional Dementia Advisers

Dementia Advisers provide locally based information, signposting and emotional support from concern about cognitive health through diagnosis and the wider dementia journey.

6. Fund Activity Clubs for younger-onset and early-stage dementia

€210,080 | Ten Activity Clubs

Activity Clubs provide safe, inclusive and engaging spaces offering activities such as art, music, gardening and tailored outings that enhance wellbeing and quality of life.

7. External Evaluation of the Activity Clubs

€75,000 | Independent, evidence-based assessment

An external evaluation will gather feedback from staff, participants and advocates to build a comprehensive picture of impact and support future service development.

8. Expand Maintenance Cognitive Stimulation Therapy

€105,350 | Ten 24-week MCST programmes

MCST follows the initial seven-week Cognitive Stimulation Therapy programme. Weekly sessions over 24 weeks extend the benefits of structured cognitive activity and meaningful social interaction.

BOTTOM LINE: Budget 2027 can strengthen community dementia services, support family carers and help people living with dementia remain active and connected within their communities for as long as possible.

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