

3 PROPOSALS TO AVERT A HEALTH CRISIS IN ESTONIA

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INTRODUCTION

The Estonian health system is running on the reserves of the Health Insurance Fund – what next?

The Estonian health system has been praised for its cost-effectiveness, but the shortage of healthcare professionals, especially nurses, family doctors and mental health specialists, has increased at the same time¹. In 2023, Estonia stood out negatively in the European Union for having the highest unmet need for health checks – 12.9% of the population reported that they had given up medical care². At the same time, the European average was just 2.4%³.

Such problems are also reflected in the health indicators of the population, including life expectancy and healthy life years. For example, the life expectancy of Estonian men is significantly shorter when compared to men in Germany and Finland. In 2022, the life expectancy of men in Estonia was 73.6 years, compared to 78.3 years in Germany and 78.7 years in Finland⁴. The number of healthy life years in Estonia is also lower than in many European Union countries, which means that people here struggle with health problems for longer⁵.

In 2023, Estonia stood out negatively in the European Union for having the highest unmet need for health checks – 12.9% of the population reported that they had given up medical care². At the same time, the European average was just 2.4%³.

In short: we live shorter lives than people in Finland or Germany, for example, and at the same time we live with poorer health than in many EU countries. Our life expectancy – 73.6 years – may seem long, but if you are sick for most of these years, they can be a long and difficult series of trials and tribulations, not a happily lived life.

Although we may not notice the problems piling up in the health system every day, several reports and surveys point at a very serious problem. For example, almost half of young people called up for military service are not fit for service, with mental health problems becoming increasingly more frequent⁶.

¹Kasekamp, K., Habicht, T., Vörk, A., Köhler, K., Reinap, M., Kahur, K., Laarmann, H., & Litvinova, Y. (2024). Estonia: Health system summary, 2024. European Observatory on Health Systems and Policies, WHO Regional Office for Europe. Kasutatud 19.01.2025, <https://eurohealthobservatory.who.int/publications/i/estonia-health-system-summary-2024-updated>

²Eurostat. (i.a.). Unmet health care needs statistics. Euroopa Komisjon. Kasutatud 19.01.2025, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unmet_health_care_needs_statistics

³Kasekamp, K., Habicht, T., Vörk, A., Köhler, K., Reinap, M., Kahur, K., Laarmann, H., & Litvinova, Y. (2024). Estonia: Health system summary, 2024. European Observatory on Health Systems and Policies, WHO Regional Office for Europe. <https://eurohealthobservatory.who.int/publications/i/estonia-health-system-summary-2024-updated>

⁴Eurostat. (i.a.). Mortality and life expectancy statistics. European Commission. Kasutatud 19.01.2025, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Mortality_and_life_expectancy_statistics#Gender_gap_in_life_expectancy

⁵Eurostat. (2022). Life expectancy in the EU back to pre-pandemic level in 2021. European Commission, 13. juuni. Kasutatud 19.01.2025, <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20220613-1>

⁶Ajateenistusse kutsutuid vaevavad järjest enam vaimse tervise probleemid. (2023). ERR, 4. märts. Kasutatud 19.01.2025, <https://www.err.ee/1608903668/ajateenistusse-kutsutuid-vaevavad-jarjest-enam-vaimse-tervise-probleemid>

We are living in a country with an ageing population, where the pressure to raise the retirement age is increasing every year, but at the same time we have to deal with an increase in chronic diseases and the burden this puts on our health system⁷.

Compared to other European Union countries, the confidence in vaccines has also decreased in Estonia⁸, although vaccination is the prevention measure that stands out with its return on investment and cost-effectiveness⁹.

In addition to this, Estonia stands out with its poor access to innovative medicines. According to the WAIT report, Estonian patients have access to only 19% of medicines registered in the European Union¹⁰.

The waiting time between the receipt of marketing authorisation for a medicine and its availability to patients in Estonia is particularly long for cancer drugs, which places an unfair financial burden on patients and donations made by private persons to charities

According to the WAIT report, Estonian patients have access to only 19% of medicines registered in the European Union¹⁰.

Estonia's health expenditure in 2023 comprised 7.5% of GDP, compared with the EU average of 10–11%¹¹. Estonia's public expenditure on healthcare comprised only 5.7% of GDP in the same year¹². In order to meet the objectives of the population health development plan, we should increase health expenditure to 7.8% of GDP by 2040, taking into account the ageing of the population¹³.

Estonian residents already pay a large share of health costs out of their own pockets – in 2023, cost-sharing comprised as much as 22%, which does not leave much room for increasing the cost-sharing, given the international recommendation to keep it at 15%.

In order to meet the objectives of the population health development plan, we should increase health expenditure to 7.8% of GDP by 2040, taking into account the ageing of the population¹⁴.

⁷Pensioni taotlemine ja pensioniiga. (2025). Sotsiaalkindlustusamet. Kasutatud 19.01.2025, <https://sotsiaalkindlustusamet.ee/pension-ja-seotud-huvitised/pensioni-taotlemine/pensioniga>; Piir, R. (2024). Study: Estonian elderly hardworking due to poverty, not accommodating employers. ERR, 14. november. Kasutatud 19.01.2025, <https://news.err.ee/1609521259/study-estonian-elderly-hardworking-due-to-poverty-not-accommodating-employers>

⁸ Euroopa Komisjon. (2022). State of vaccine confidence in the EU 2022: Estonia factsheet. European Commission, Directorate-General for Health and Food Safety. Kasutatud 19.01.2025, https://health.ec.europa.eu/document/download/505d6f03-6678-4969-bf5f-2134567187ee_en?filename=2022_confidence_factsheet_estonia_en.pdf

⁹ The European House – Ambrosetti. (i.a.). The value of prevention for economic growth and the sustainability of healthcare, social, and welfare systems. Kasutatud 19.01.2025, <https://www.ambrosetti.eu/en/news/the-value-of-prevention-for-economic-growth-and-the-sustainability-of-healthcare-social-and-welfare-systems/>

¹⁰ European Federation of Pharmaceutical Industries and Associations (EFPIA). (2024). EFPIA patient wait indicator 2024. Kasutatud 19.01.2025, <https://efpia.eu/media/vtapbere/efpia-patient-wait-indicator-2024.pdf>

¹¹ Tervishoiukulud. (2023). Tervise Arengu Instituut. Kasutatud 19.01.2025, <https://statistika.tai.ee/Resources/PX/Databases/Andmebaas/04THressursid/10Tervishoiukulud/KKInfo.htm>; Eurostat. (i.a.). Healthcare expenditure statistics – overview. Euroopa Komisjon. Kasutatud 19.01.2025, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Healthcare_expenditure_statistics_-_overview&oldid=651721

¹² Tervishoiukulud. (2023). Tervise Arengu Instituut. Kasutatud 19.01.2025, <https://statistika.tai.ee/Resources/PX/Databases/Andmebaas/04THressursid/10Tervishoiukulud/KKInfo.htm>

¹³ Vörk, A., & Piirits, M. (2023). Eesti tervishoiu rahastamise senised uuringud ja uuendatud stsenaariumid: Poliitikaanalüüs. Sotsiaalministeerium. Kasutatud 19.01.2025, https://www.sm.ee/sites/default/files/documents/2023-05/VorkPiiritsTervishoius%C3%BCsteemij%C3%A4tkusuutlikkus_1905.pdf

Disease prevention is always better than treatment, and despite the fact that Estonia's spending on prevention is at the average level of the European Union – about 0.65% of GDP¹⁴ – Estonia still lags significantly behind the level of Western Europe and the Nordic countries, including in vaccination.

The European Commission has advised the Estonian government to reduce the budgetary deficit and also to improve the accessibility and funding of health and long-term care despite the difficult budgetary situation¹⁵. For years, it has been said that spending on health is an investment – studies show that every preventive euro spent on health and social welfare returns €14 to the economy¹⁶.

As the Health Insurance Fund is forecasting a significant deficit from this year onwards, it is clear that quick solutions to the healthcare problems in Estonia must be found. The search for alternatives is underway¹⁷, which is why the American Chamber of Commerce in Estonia would like to contribute to finding solutions by suggesting specific, quick and effective options to prevent the Estonian health system from ending up on the verge of a major crisis.

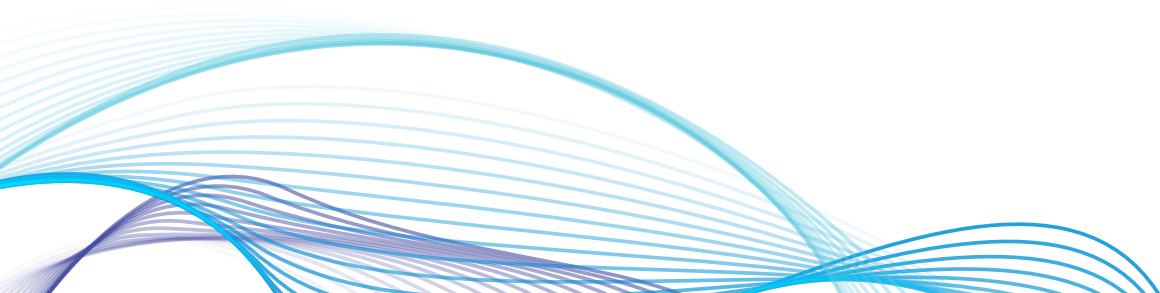
In this document, we highlight three ideas for ensuring the sustainability of the Estonian health system. Transferring tobacco, alcohol and gambling tax revenues to the budget of the Health Insurance Fund would help cover the Fund's deficit. The next two proposals are to take steps towards improving the funding of the system, but their impact is certainly more modest.

¹⁴Eurostat. (i.a.). Preventive health care expenditure statistics. Euroopa Komisjon. Kasutatud 19.01.2025, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Preventive_health_care_expenditure_statistics

¹⁵Council recommendation on the economic, social, employment, structural and budgetary policies of Estonia. (2024). Euroopa Komisjon. Kasutatud 19.01.2025, https://commission.europa.eu/document/download/5ca0e522-0973-493f-aa99-e7c054d040d0_en?filename=com_2024_606_1_en.pdf

¹⁶Calling the diaspora home: Maximizing the socioeconomic impact of ancestry-based tourism on Italy and its cross-border communities. (2024). The European House - Ambrosetti. Kasutatud 19.01.2025, https://www.ambrosetti.eu/site/get-media/?type=doc&id=21449&doc_player=1

¹⁷Prognoositav madalam sotsiaalmaksu laekumine vähendab oluliselt Tervisekassa 2025. aasta eelarvet. (2024). Tervisekassa. Kasutatud 19.01.2025, <https://www.tervisekassa.ee/uudised/prognoositav-madalam-sotsiaalmaksu-laekumine-vahendab-oluliselt-tervisekassa-2025-aasta;>



3 MAIN PROPOSALS

Transferring tobacco, alcohol and gambling tax revenues to the budget of the Health Insurance Fund

- The share of alcohol and tobacco excise revenues in the Estonian state budget is among the largest in the European Union, comprising almost 4.8% of the budget. For example, €263 million was collected in Estonia in 2023, which accounted for 2.1% of all tax revenue in the state budget.
- Experience in different countries has shown that, for example, the transfer of revenues from tobacco excise to social and health programmes can also gain public approval, provided that the tax revenues are used in accordance with the promises made by politicians.

Raising the limit of the tax-free health and sports expenses of employers to €1,200

- The tax exemption limit (€400 per year) established in 2018 has become outdated and has led to longer waiting times for treatment and overall access to treatment has worsened.
- At present, the €33 intended for monthly expenses no longer covers the cost of gym membership or the fee for a doctor's appointment.
- In Latvia and Finland, the tax exemption limit is €750 and €1,400 per employee per year, respectively.
- The importance and impact of prevention in healthcare are great, which is why employers should be given better options to contribute to the health of employees. In the long run, this would also reduce the burden on the health expenditure of the taxpayers, as this preventive measure will help avoid high treatment costs in the future.

Reducing the VAT on medical products from 9% to 5%

- Reducing the VAT on medical products would help improve the access of Estonian residents to the necessary products and medicines, and also encourage earlier medical intervention that in turn reduces the number of untreated health problems.
- The experience of neighbouring countries shows that reduced VAT rates can improve access to the necessary health products. For example, in 2020, Lithuania established a 5% VAT rate on certain medical products, equipment and food for special medical purposes that are subject to compensation, in line with the EU directives that permit reduced rates for essential goods.
- In Latvia, public support for the amendment can be expressed on the platform ManaBalss.lv, where more than 21,000 people have signed in favour of the amendment, which shows that it has strong public support.

TRANSFER OF REVENUES FROM TOBACCO, ALCOHOL, GAMBLING AND SUGAR TAX TO THE BUDGET OF THE HEALTH INSURANCE FUND

The objective of the proposal is to transfer part of the revenues from tobacco, alcohol and gambling tax, as well as from the sugar tax, which was one of the possible tax changes discussed, directly to the Health Insurance Fund. The objective of the amendment is to improve public health, support the health system and ensure the sustainability of its budget.

Tobacco, alcohol and gambling taxes are a significant source of revenue. The share of alcohol and tobacco excise revenues in the Estonian state budget is among the largest in the European Union, comprising almost 4.8% of the budget²⁶. For example, €263 million was collected in Estonia in 2023, which accounted for 2.1% of all tax revenue in the state budget²⁷.

Allocating part of these tax revenues to the budget of the Health Insurance Fund would provide a stable and sustainable source of funding for health needs. The extra revenue can be used to fund preventive health programmes, addiction treatment and other health services. For example, tobacco tax revenues can be channelled into programmes for quitting smoking and lung cancer treatment. Alcohol tax revenue can be used to fund addiction treatment programmes and gambling tax revenue can be used to support mental health services and gambling addiction programmes.

The targeted allocation of certain tax revenues to health will ensure that they are used for a specific purpose and will also link taxation to a specific broader benefit, which will help mitigate potential public opposition²⁸.

Experience in different countries has shown that, for example, the transfer of revenues from tobacco excise to social and health programmes can also gain public approval, provided that the tax revenues are used in accordance with the promises made by politicians²⁹.

²⁶Report: State budget revenues from alcohol and tobacco excise duties in Estonia are among the greatest in the EU. (2021). Arenguseire Keskus. Kasutatud 19.01.2025, <https://arenguseire.ee/en/news/report-state-budget-revenues-from-alcohol-and-tobacco-excise-duties-in-estonia-are-among-the-greatest-in-the-eu/>

²⁷Alkoholipoliitika arengusuunad 2025–2035. (2024). Sotsiaalministeerium. Kasutatud 19.01.2025, https://www.sm.ee/sites/default/files/documents/2024-11/Alkoholipoliitika%20arengusuunad%202025-2035_1.pdf, 2023. aastal koguti maksutulu eelarves planeeritust 99,2%. (2024). Rahandusministeerium. Kasutatud 19.01.2025, <https://fin.ee/uudised/2023-aastal-koguti-maksutulu-eelarves-planeeritust-992>

²⁸World Health Organization & United Nations Development Programme. (2024). Action for health taxes from policy development to implementation: Making the case for alcohol taxes. World Health Organization. Kasutatud 19.01.2025, <https://iris.who.int/bitstream/handle/10665/378474/9789240099043-eng.pdf>

²⁹World Health Organization & United Nations Development Programme. (2024). Action for health taxes from policy development to implementation: Making the case for tobacco taxes. World Health Organization. Kasutatud 19.01.2025, https://uniatf.who.int/docs/librariesprovider22/default-document-library/tobacco-taxes.pdf?sfvrsn=9c01e7d2_1&download=true

RAISING THE LIMIT OF THE TAX-FREE HEALTH AND SPORTS EXPENSES OF EMPLOYERS TO €1,200

The tax exemption of €400 for the health and sports expenses of employees introduced in 2018 has not changed for seven years and is therefore outdated. Waiting times for treatment have increased and overall access to treatment has worsened in the same time. On the one hand, the Estonian health system urgently needs additional funding and, on the other hand, the state has to allow employers to invest even more in the health of their employees.

Inflation in the health services sector has almost doubled in seven years. The average increase in the hourly wage has been around 97% according to collective agreements statistics and the price increase according to the health expenditure statistics of the National Institute for Health Development has reached 93% (without considering the changes in the volume of services). This has increased the Health Insurance Fund's budget deficit of approximately €200 million.

Thus, the current tax exempt health expenditure limit of €33 per month is not enough to buy a single service – it does not cover a month's gym membership or the fee for a doctor's appointment. Taking inflation into account, the tax exempt threshold agreed in 2018 should have increased to approximately €800 by now. In order to improve the financing of the health system, access to timely treatment and prevention of health risks, we propose to raise the exemption threshold to €1,200 per year or consider abolishing it altogether.

For comparison: the tax exemption limit in our neighbouring countries of Latvia and Finland is €750 and €1,400 per employee per year, respectively. According to OECD data of 2022, the higher limits in the neighbouring countries are also in correlation with cost-sharing in their medical systems: 31% in Latvia and 32% in Lithuania in comparison with 23% in Estonia. In Lithuania, employers can buy health insurance for their employees free of tax to the maximum extent of 25% of their annual wages (medical services cannot be purchased free of tax in Lithuania).

Although the share of employers offering a motivating health insurance package has gradually increased, it still remains at a modest level. At present, approximately 10–15% of all employers use this tax incentive (5,222 employers in total for sport and health in 2023) and around one fifth of all employees benefit from it (110,206 employees in 2023) in the amount of ca €23 million. These figures do not necessarily reflect the actual situation, as the Tax and Customs Board estimates that not all employers report the data correctly. However, it is

Et parandada tervishoiu-süsteemi rahastamist, õigeaegse ravi kättesaadavust ja terviseriskide ennetamist, teeme ettepaneku tõsta maksuvabastuse piiri 1200 euronit aastas või kaaluda üldse selle kaotamist.

certain that these figures have been steadily increasing over this period. The data of the Estonian Insurance Association show that in 2023, 55,590 employees were covered by voluntary health insurance and the number of contracts was 1,336, and the respective indicators for 2024 were 60,535 employees and 1,484 contracts (1,484 can also be regarded as the number of employers).

According to the 2024 statistics of the Estonian Insurance Association, the contribution of Estonian employers to the health insurance of employees is still significantly lower than in neighbouring countries. In Estonia, approximately 9% of employees were covered by employer-provided health insurance at the end of the last year, whilst in Latvia, for example, the share is almost 50%. The rate of the tax incentive is also different – in Latvia, employers can pay up to €750 per year free of tax into the health of their employees, but in Estonia, this limit has remained at the level of €400 since 2018. The Association also finds that the €400 non-taxable rate of health promotion expenses should be increased.

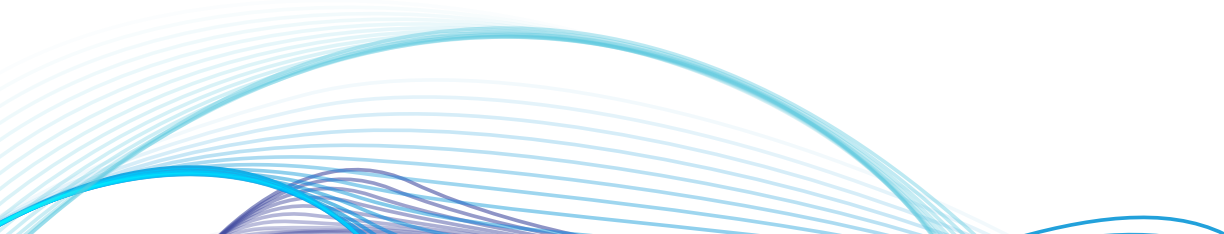
The change would affect the employers who have so far paid taxed health promotion expenses or reimbursed employees for such expenses that are not tax exempt. The change will also provide an incentive to offer health insurance packages in companies where managers and employees find that the current low limit has led to excessive administrative burdens and has been inadequate.

The share of employers promoting health appears to be small, but it will certainly increase once the change enters into force. As prevention and access to primary care are the most effective in healthcare, more opportunities should be created for employers to contribute to these.

The change would also have a positive impact on companies providing health promotion services by giving them the confidence to make investments (e.g. buying equipment, developing new services, marketing their services more actively, increasing the efficiency of their sales work or hiring additional staff), which in turn would give a boost to the economy as a whole. A more proactive approach by health promotion service providers would further amplify the benefits received by the sector (such as improved access to medical services). However, in the absence of private health insurance, individuals would have to pay out of pocket for private medical services, thereby increasing their personal contribution to healthcare costs in Estonia. Through private health insurance, however, individuals can access the same paid health promotion services with financial support from their employer.

The positive impact on medical services in Estonia will mainly be the following:

- waiting times for public health services will become shorter, because some people will move to the private medical sector through the funding provided by companies;
- the long-term impact of primary care and prevention will increase as people will use medical care more actively (quick access and funding provided by employers);
- the burden on emergency medicine centres will decrease as private primary care (GPs and remote medicine) will be accessible to more people, often also at weekends;
- in the long run, private medicine will become more common, as more people will get the service experience through employer funding and are therefore more likely to consider spending on private medicine themselves. This will reduce the pressure on publicly funded healthcare.



The decision to increase the limit of tax exemption would allow the government to free healthcare funds for a short period for those who have no access to private health insurance. However, in the long run, the burden on taxpayers will be reduced, as longer-term preventive measures will help reduce high treatment costs in the future.

The amount fringe benefits tax on health and sports expenses received by the state in 2023 amounted to ca €3,540,000. Although increasing the tax exempt limit would mean the state losing some of this tax revenue, the benefits for the medical services sector as a whole are significantly greater than this short-term shortfall. According to the Estonian Insurance Association, the total amount of private health insurance indemnities paid out in Estonia in 2024 amounted to €14 million, which is money not paid from the budget of the Health Insurance Fund. The bulk of this expenditure is made up of indemnities for out-patient medical care and dental care, which would otherwise have not been spent due to people's lack of money or would have been financed by the Health Insurance Fund. The state has certainly also received its revenues in the form of taxes through these indemnified medical expenses.



REDUCING THE VAT ON MEDICAL PRODUCTS FROM 9% TO 5%

Reducing the VAT on medical products would help improve the access of Estonian residents to the necessary products and medicines, and also encourage earlier medical intervention that in turn would reduce the number of untreated health problems. The more people know

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and feel they can afford medicines, the more they are prepared to see a doctor in time with their concerns, knowing they can afford the treatment.

As highlighted in the introduction, Eurostat data also show that 12.9% of the Estonian population have given up medical care¹⁹, because they have not been able to see a doctor in time. Also, Estonian residents already pay 22% of their own health costs, which exceeds the EU indicative limit of 15%²⁰.

The experience of neighbouring countries shows that reduced VAT rates can improve access to the necessary health products. For example, in 2020, Lithuania established a 5% VAT rate on certain medicines, medical aids and food for medical purposes²¹, in line with the EU directives that permit reduced tax rates for essential goods. The incentive applies primarily to the products whose purchasing costs are subject to full or partial compensation under the Lithuanian Law on Health Insurance, also to prescription drugs not compensated and the technical aids for disabled people and their repairs. Croatia²² also applies a 5% tax rate to such products. Some countries²³, have reduced the VAT rate of certain medical accessories to less than 5%, citing the need to make healthcare more affordable.

¹⁹Eurostat. (i.a.). Unmet health care needs statistics. Euroopa Komisjon. Kasutatud 19.01.2025, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Unmet_health_care_needs_statistics

²⁰Kasekamp, K., Habicht, T., Vörk, A., Köhler, K., Reinap, M., Kahur, K., Laarmann, H., & Litvinova, Y. (2024). Estonia: Health system summary, 2024. European Observatory on Health Systems and Policies, WHO Regional Office for Europe. Kasutatud 19.01.2025, <https://eurohealthobservatory.who.int/publications/i/estonia-health-system-summary-2024-updated>

²¹State Tax Inspectorate of Lithuania. (i.a.). Value-added tax (VAT). Republic of Lithuania, Ministry of Finance. Kasutatud 19.01.2025, <https://www.vmi.lt/evmi/en/pridetines-vertes-mokestis2>

²²Tax Administration of Croatia. (i.a.). Value-added tax (VAT). Republic of Croatia, Ministry of Finance. Kasutatud 19.01.2025, https://www.porezna-uprava.hr/en/EN_porezni_sustav/Pages/value_added_tax.aspx; Government of Malta. (i.a.). Value Added Tax Act (Cap. 406). Kasutatud 19.01.2025, <https://legislation.mt/eli/cap/406/eng/pdf>

²³Federal Tax Administration of Switzerland. (i.a.). VAT rates in Switzerland. Swiss Confederation. Kasutatud 19.01.2025, <https://www.estv.admin.ch/estv/en/home/value-added-tax/vat-rates-switzerland.html>; Public Finance Inspectorate of Luxembourg. (i.a.). VAT laws and regulations in Luxembourg. Government of the Grand Duchy of Luxembourg. Kasutatud 19.01.2025, <https://pfi.public.lu/fr/publications.html?>

Latvia is also actively moving towards reducing the VAT rate on medicines from the current 12% to 5%. In Latvia, public support for the amendment can be expressed on the platform ManaBalss.lv, where over 21,000 people²⁴ have signed in favour of the amendment, which shows that it has strong public support. In Latvia, the measure of reducing the VAT rate has been identified as a priority in the Report on the Affordability of Medicines and the country is gradually moving towards the establishment of a lower VAT rate, thereby following European best practice.

These examples illustrate that Estonia can also learn from the experience of other countries and solve the problems of its own health system. Reducing the VAT rate would directly decrease the costs of individuals and would be particularly beneficial for residents on low income and vulnerable groups who are disproportionately burdened by high costs²⁵. The state already covers VAT on compensated medicines and medical equipment, but a lower rate would further reduce costs and free up additional funds in the budget.

The idea to reduce the VAT payable on medical equipment and medicines was one of the ideas added to the joint call for ideas organised by the American Chamber of Commerce in Estonia, AstraZeneca and Law Firm Sorainen in 2024 as a solution to the funding problems of the Estonian health system.

Making this change would also encourage earlier medical intervention, reducing the number of untreated health problems that often lead to higher health costs. By making medicines and medical equipment more affordable, Estonia can also make great strides in reducing health inequalities and achieving better treatment outcomes.

The proposed change is not just a tax adaptation, but an important investment in public health, which in turn supports Estonia's economic and social development. Reducing the VAT on medical products would be a practical step towards Estonia's long-term goals of promoting equality and improving the quality of life.

²⁴ManaBalss.lv. (i.a.). Par zāļu PVN samazināšanu uz 5% un zāļu lieltirgotavu un aptieku uzcenojuma ierobežošanu. Kasutatud 19.01.2025, <https://manabalss.lv/par-zalu-pvn-samazinasanu-uz-5-un-zalu-lieltirgotavu-un-aptieku-uzcenojuma-ierobezosanu/s-how>

²⁵WHO guideline on country pharmaceutical pricing policies. (2020). World Health Organization. Kasutatud 19.01.2025, <https://iris.who.int/bitstream/handle/10665/335692/9789240011878-eng.pdf>



CONCLUSION

The Estonian health system is facing a number of serious challenges, including a shortage of healthcare professionals, insufficient funding and deteriorating access to health services. As solutions, we propose some measures to improve the health system and increase funding.

The first proposal is to **raise the limit of the tax-free health and sports expenditure of employers to €1,200**, as the €400 limit introduced in 2018 has become outdated due to inflation. This change would allow more employers to invest in the health of their employees and reduce long-term medical costs. We also recommend lowering the **VAT on medical products to 5%** in order to improve the accessibility of medicines and encourage earlier medical intervention.

Speaking of the policy for funding the area of health, **transferring tobacco, alcohol and gambling tax revenues to the budget of the Health Insurance Fund** could be considered to ensure a stable source of funding for healthcare. In 2023, excise duties on alcohol and tobacco accounted for 4.8% of the state budget, including €263 million collected from alcohol excise. This revenue can be used to fund, among other things, prevention programmes and addiction treatment services.

The sustainability of the Estonian health system depends on quick and targeted solutions, as it is clear that a health system based on the reserves of the Health Insurance Fund does not guarantee us the future we need. Implementing these measures is more than an increase in expenses, it is an investment in the sustainability of the health system and in getting our people to the right doctor at the right time to avoid higher medical costs in the future. Well-considered decisions made at the right time help ensure that the health system can cope with the ever-increasing burden also in the future and to offer quality and accessible medical care to all Estonian residents.

