STRENGTHENING ESTONIA'S ECONOMY THROUGH STRATEGIC HEALTHCARE INVESTMENT

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CONTENTS

Introduction

1. Root cause of the problems in Estonian healthcare 3

1.1 Estonia's health expenditure from GDP is significantly lagging behind the EU average and is significantly lower than in Western and Nordic countries 3

1.2 With regards to public expenditure on health the trend is the same – Estonia significantly lags behind the EU average, Western countries and Scandinavia 4

2. Results of poor funding 5

3. Key health outcomes of the Estonian population 8

3.1 Low life expectancy 8

3.2 Large gender gap in life expectancy 8

3.3 Decrease in healthy life years 8

3.4 The preventable mortality rate is high 8

3.5 The treatable mortality rate is also very high 9

4. Call to action 10

5. Ideas gathered from "Future healthcare platform" for future exploration 11

5.1 Expanding the use of health data for knowledge-based decision-making 11

5.2 Integrating public and private healthcare – ensuring that patient funds follow the individual 12

5.3 Transitioning from Fee-for-Service to Outcome-Based healthcare financin 12

5.4 Integrating occupational health and primary care 12

5.5 Developing and supporting the life sciences industry (including the pharmaceutical industry and biotechnology) in Estonia 12

5.6 Raising the limit of the tax-free health and sports expenses of employers to €1,200 13

5.7 Reducing VAT on medical products to 5% 14

5.8 Transfer of revenue from tobacco, alcohol and gambling tax to the budget of the Estonian Health Insurance Fund 17

INTRODUCTION

The population's health is directly linked to economic growth, competitiveness and productivity.[1] Estonia's working-age population loses roughly 1/3 (32%) of their lives to diseases and/or premature death.[2] This is far more than our Nordic neighbours (who lose 20-25%) and also significantly more than in comparable countries like Slovenia (26%).[3] When we translate this 32% into the impact on the economy, it is clear that Estonia is **losing at least 1 billion euros in tax revenue every year.** If we could reduce the disease burden by even a few percentage points, Estonia would immediately gain more than 100 million euros via additional tax revenue.

It is inefficient to focus solely on the minor building blocks of health development: the focus should be on solidifying the foundation of health. Currently, the Health Insurance Fund is running at a deficit of 160 million euros, and this situation will worsen in the coming decades.[4] There is no apparent solution nor seemingly any measures to tackle this deficit, since social tax-based funding does not and will not cover rising costs, and self-contributions are already significantly higher than the EU average.[5] Raising the self-contribution rate or social tax-based funding would further constrain the poorer population, depriving them of or limiting their access to healthcare.[6]

So what's next?

For sustainable improvement, **a comprehensive long-term strategy is essential.** Decision-makers should prioritise healthcare (and related aspects of social care). Every euro put into the healthcare ecosystem is an investment, not a cost.

The McKinsey report entitled "Prioritizing health: A prescription for prosperity"[7] on the relationship between the economy and public health states that the impact of health on economic development is of the same magnitude as the impact of education. Reducing the disease burden increases the number of people involved in economic life and productivity. By focusing on health, the global economy would gain 12 trillion USD by 2040, meaning an additional 0.4% of annual economic growth. To achieve this result, four prerequisites should be met: making healthcare a social and economic priority; keeping health on everyone's agenda; transforming healthcare systems; and doubling down on innovation.

To make healthcare a social priority, more emphasis should be placed on adequate prevention measures, including implementing the principle of health in all policies. Prevention

[1] Grønstad, A. (2023). A healthy workforce is good for business. Here's why. World Economic Forum. Available at: https://www.weforum.org/stories/2023/07/business-benefits-of-boosting-employee-health-and-well-being/

[2] Roser, M., & Ritchie, H. (2021). Burden of disease. Our World in Data. Available at: https://ourworldindata.org/burden-of-disease.

[3] Roser, M., & Ritchie, H. (2021). Burden of disease. Our World in Data. Available at: https://ourworldindata.org/burden-of-disease.

[4] Foresight Centre. (i.a.). Tervishoiu jätkusuutlikkus. Available at: https://arenguseire.ee/uurimissuunad/tervishoiu-jatkusuutlikkus/
OECD. (2024). OECD Economic Surveys: Estonia 2024 (lk 93–94). Saadaval aadressil https://www.oecd.org/en/publications/oecd-economic-surveys-estonia-2024_33e6beee-en/full-report.html

[5] Foresight Centre. (i.a.). Tervishoiu jätkusuutlikkus. Available at: https://arenguseire.ee/uurimissuunad/tervishoiu-jatkusuutlikkus/

[6] Foresight Centre. (i.a.). Tervishoiu jätkusuutlikkus. Available at: https://arenguseire.ee/uurimissuunad/tervishoiu-jatkusuutlikkus/

[7] McKinsey Global Institute. (2020). Prioritizing health: A prescription for prosperity. Available at: https://www.mckinsey.com/industries/healthcare/our-insights/prioritizing-health-a-prescription-for-prosperityMcKinsey Global Institute. (2020). Prioritizing health: A prescription for prosperity. Saadaval aadressil https://www.mckinsey.com/industries/healthcare/our-insights/prioritizing-health-a-prescription-for-prosperity

is less expensive than treatment. For example, the biggest part of the disease burden in Estonia derives from cardiovascular (27%) and oncological diseases (17%). Hence, to generate the most significant positive impact on disease burden reduction and the economy, investments should be specifically targeted at the prevention, screening and treatment of these therapy areas.

Disease prevention starts with sufficient health education in schools. Currently, such education in primary and secondary schools is not considered an important outcome and the effectiveness of such education, however minimal, is unclear.[8] The high cost of inadequate education places further constraints on the Health Insurance Fund. For example, the estimated cost of excess weight is 124.7 million euros annually[9], while the direct costs of alcohol consumption and smoking in 2022 were €50.5 million and €55.6 million.[10]

To make healthcare an economic priority, we need to increase our investments in healthcare and double down on innovation. Denmark recently published its strategy for the life sciences up to 2030[11]. The strategy was signed by four ministers: the Minister for Industry, Business and Financial Affairs; the Minister for Interior and Health; the Minister of Foreign Affairs; and the Minister for Higher Education and Science. Notably, the strategy foresees connecting the dots between a successful industry and an effective and sustainable healthcare system: "[...] Denmark must support new, viable companies in life science to a greater extent. [...] Through strengthened research and IT infrastructure, Denmark must translate our unique health data into ground-breaking research, the spread of artificial intelligence and increased innovation for the benefit of better patient treatment. [...] Denmark must promote access to innovative, effective and workforce-free health solutions and innovative medicines to create better health for citizens and futureproof the healthcare system."

Strategic discussions of this kind need to be held at the highest level. The health of healthcare is not only a matter for the Ministry of Social Affairs in Estonia: it should be the priority of all ministries, especially the Ministry of Education and Research, the Ministry of Economic Affairs and Communications and the Ministry of Finance. To create a successful healthcare (life sciences) system, we need to contribute to R&D. Finland is set to double public R&D funding so as to raise total public and private R&D investment to 4% of GDP by 2030.[12] The country already spends 3.09% on this, whereas Estonia spends just 1.84% of its GDP on R&D.[13]

The healthcare ecosystem as a whole should be one of Estonia's priority areas, and a long-term overarching strategy should **be created based on data and the best knowledge available.** This can only happen in close cooperation with all stakeholders.

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[8] Ilves, K., Kubre, M.-A., Kalda, R., & Konstabel, K. (2022). Tõenduspõhiste sekkumiste rakendamisvõimalused koos mõju hindamisega terviseharituse parandamisel Eestis (lk 59, 96–97). Sotsiaalministeerium. Available at: https://www.sm.ee/sites/default/files/documents/2022-09/T%C3%9C_Terviseharituse_uuring_L%C3%95PPRAPORT_ISBN.pdf

[9] Tervise Arengu Instituut. (2025). Kehalise inaktiivsuse ja liigse kehakaalu kulu Eestis. Available at: https://www.tai.ee/et/valjaanded/kehalise-inaktiivsuse-ja-liigse-kehakaalu-kulu-eestis
Tervise Arengu Instituut. (2025). Noorte kasvav kehakaal tekitab kasvavat muret, ligi kolmandik on liigse kehakaaluga. Available at: https://www.tai.ee/et/uudised/noorte-kasvav-kehakaal-tekitab-kasvavat-muret-ligi-kolmandik-liigse-kehakaaluga

[10] Sotsiaalministeerium. (2023). Eestis müüdi 2022. aastal 1066 sigaretti inimese kohta. Available at: https://www.sm.ee/uudised/eestis-muudi-2022-aastal-1066-sigaretti-inimese-kohta

[11] Invest in Denmark. (i.a.). New Danish life science strategy. Available at: https://investindk.com/insights/new-danish-life-science-strategy

[12] Business Finland. (2025). Innovation and Growth Research 2025. Available at: https://www.businessfinland.fi/4ae8ec/-globalassets/finnish-customers/news/calls/2025/innovation-and-growth-research-2025.pdf

[13] Eesti Teadusagentuur. (i.a.). Rahastamise üldpilt. Available at: https://etag.ee/en/activities/analysis/statistics-rd-funding-estonia/

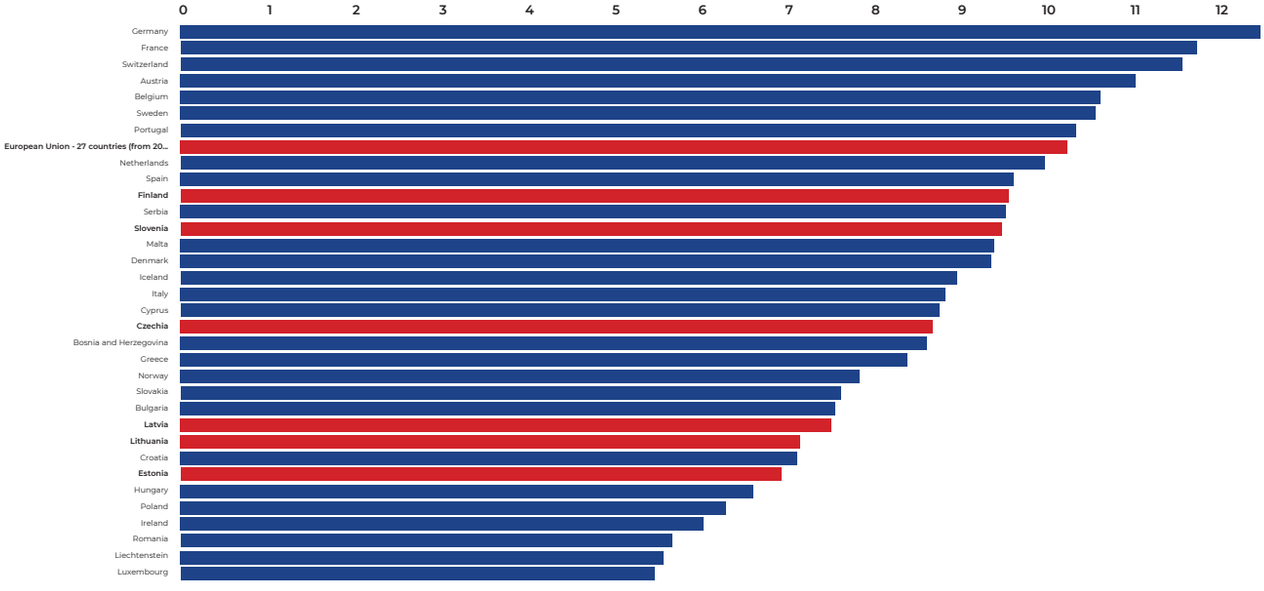
1. ROOT CAUSE OF THE PROBLEMS IN ESTONIAN HEALTHCARE

The European Commission has stated that sustainable healthcare funding is not being achieved in Estonia and has advised the Estonian government to improve the accessibility and funding of health and long-term care by broadening the tax base.[14]

1.1. Estonia's health expenditure from GDP is significantly lagging behind the EU average and is significantly lower than in Western and Nordic countries

As data for 2023[15] are not yet available for the EU, we can only compare the results for 2022. In that year, Estonia's health expenditure was 7% vs the EU average of 10.4% – meaning the EU average for total health expenditure was nearly 50% higher than that of Estonia.

In comparison with the other Baltic States, Estonia remained largely within a similar range of total investments from GDP in 2022-2023. But Slovenia and Czechia, for example – countries similar to our own in terms of economic wealth – are much closer to the EU average: 9.6% and 8.8%, respectively. In 2022, Finland's health expenditure was nearly 40% higher than Estonia's, at 9.7%.



Health expenditure from GDP in EU countries[16]

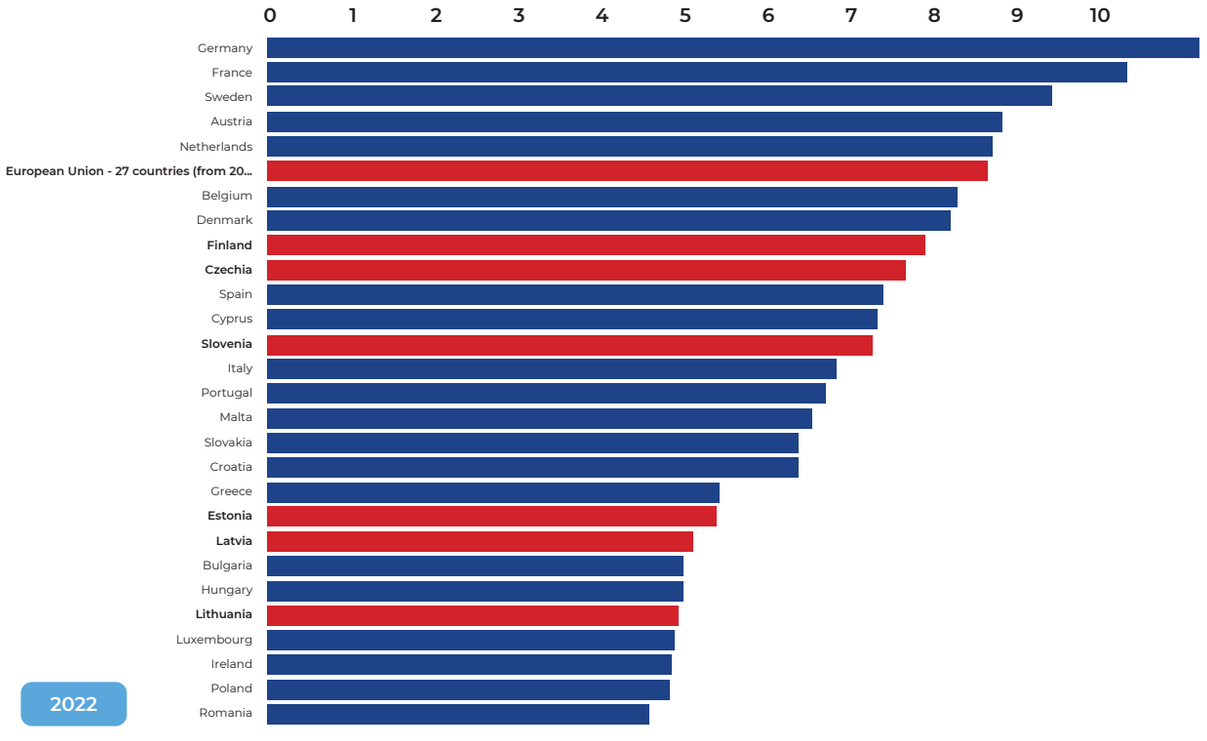
[14] Council of the European Union. (2024). Council recommendation on the economic, social, employment, structural and budgetary policies of Estonia. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=5ca0e522-0973-493f-aa99-e7c054d040d0_en

[15] In 2023, Estonia's health expenditure was 7.6% of GDP.

[16] Eurostat. (2024). Health care expenditure by function. Available at: https://ec.europa.eu/eurostat/databrowser/view/tps00207/default/bar?lang=en&category=t_hlth.t_hlth_care

1.2. With regards to public expenditure on health the trend is the same – Estonia significantly lags behind the EU average, Western countries and Scandinavia

Estonia's public expenditure on healthcare comprised just 5.3% of GDP in 2022, whereas the EU average for government and compulsory schemes was 8.4%, i.e. 60% higher than Estonia. Comparing ourselves with countries that have a similar economic environment, Slovenia's expenditure on government and compulsory schemes as a percentage of GDP was 7.1% and Czechia's was 7.5% (35% and 43% higher than Estonia, respectively).



Public expenditure on health in EU countries[17]

Estonian residents already pay a large share of health costs from their own pockets: in 2023, cost-sharing comprised as much as 22%[18], which leaves little room for increasing this share, given that the international recommendation is to cap it at 15%.[19]

According to the Estonian national health development plan 2020-2030, public health expenditure should be increased to 7.8% of GDP by 2040, considering the ageing of the population.[20]

Is a 7.8% target for public health expenditure by 2040 (considering that the EU average in 2022 was 8.4%) enough to build a sustainable healthcare system in Estonia, improve our population's health outcomes and boost the economy?

[17] Eurostat. (2024). Health care expenditure by financing scheme. Available at: https://ec.europa.eu/eurostat/databrowser/view/hlth_sha11_hf__custom_15670446/default/bar?lang=en

[18] K. Kasekamp, T. Habicht, A. Võrk, K. Köhler, M. Reinap, K. Kahur, H. Laarmann, Y. Litvinova (2024). Estonia: Health System Summary, 2024. Copenhagen: WHO Regional Office for Europe on behalf of the European Observatory on Health Systems and Policies, 9789289059602-eng.pdf.

[19] Sotsiaalministeerium. Rahvastiku tervise arengukava 2020–2030. Available at: https://www.sm.ee/sites/default/files/content-editors/Tervishoid/rta_05.05.pdf

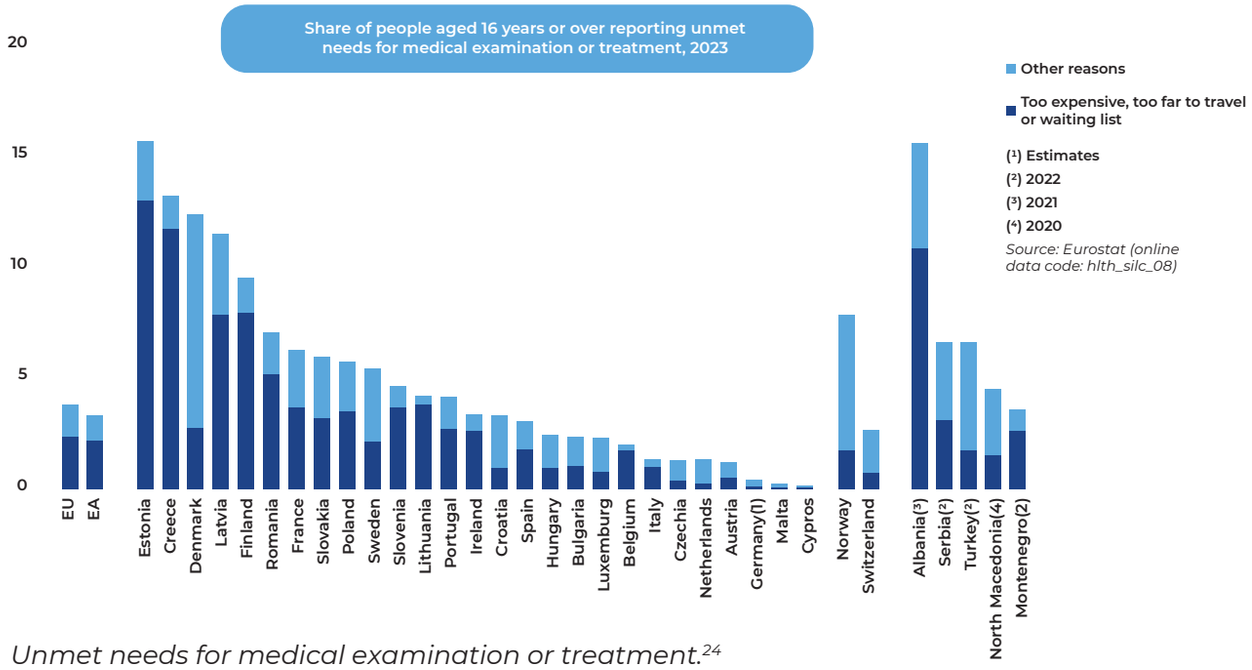
[20] Sotsiaalministeerium. Rahvastiku tervise arengukava 2020–2030. Available at: https://www.sm.ee/sites/default/files/content-editors/Tervishoid/rta_05.05.pdf (07.03.2025)..

2. RESULTS OF POOR FUNDING

Although the Estonian health system has been praised for its cost-effectiveness, the WHO has identified the main problems of the system as being health inequalities among socio-economic groups, accessibility of treatment and workforce shortages in the health sector.[21] The National Audit Office of Estonia was forced to admit in its 2022 report that if no changes are made to the system, people's out-of-pocket expenses may double by 2035, waiting times for treatment will lengthen even further and the Health Insurance Fund's budget will reach a deficit of 900 million euros.[22]

1) **In 2023, Estonia stood out negatively in the EU for having the highest unmet need for health checks: 12.9% of the population reported that they had given up on medical care due to it being too expensive, too far to travel for or too long to wait for. At the same time, the European average was just 2.4% for the same reasons – approx. five times lower[23].**

In Latvia and Lithuania, only 7.8% and 3.8% of the population, respectively, report an unmet need for health checks due to them being too expensive, too far to travel for or too long to wait for. Notably, in Czechia, just 0.4% of the population has reported an unmet need for health checks for these reasons.



Unmet needs for medical examination or treatment.[24]

[21] Sotsiaalministeerium. (i.a.). Rahvastiku tervise arengukava 2020–2030. Available at: https://www.sm.ee/sites/default/files/content-editors/Tervishoid/rta_05.05.pdf

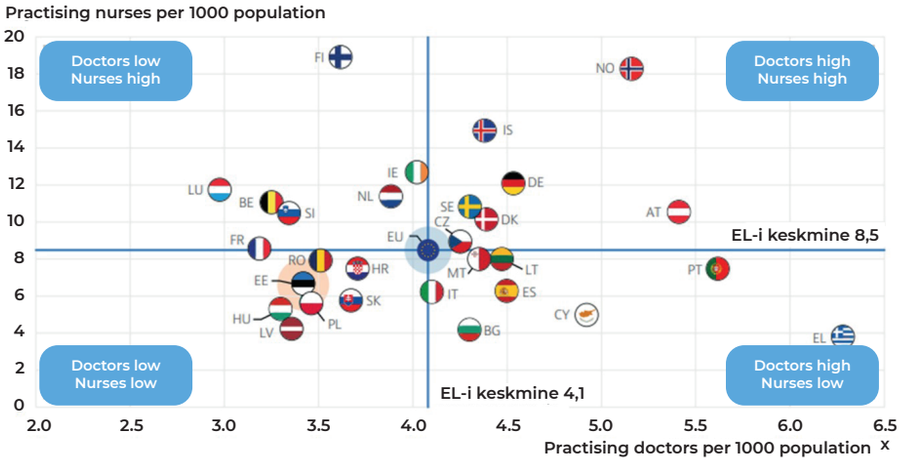
[22] Riigikontroll. (2022). Eesti tervishoiu suundumused. Available at: https://www.riigikontroll.ee/Suhtedavalikkusega/Pressiteated/tabid/168/557GetPage/4/557Year/-1/ItemId/2378/amid/557/language/et-EE/Default.aspx

[23] Kasekamp, K., Habicht, T., Võrk, A., Köhler, K., Reinap, M., Kahur, K., Laarmann, H., & Litvinova, Y. (2024). Estonia: Health system summary, 2024. WHO Regional Office for Europe on behalf of the European Observatory on Health Systems and Policies. Available at: https://apps.who.int/iris/handle/10665/378592

[24] Eurostat. (2024). Share of people aged 16 years or over reporting unmet needs for medical examination or treatment, 2023 (%). Available at: https://ec.europa.eu/eurostat/statistics-explained/images/3/32/Share_of_people_aged_16_years_or_over_reporting_unmet_needs_for_medical_examination_or_treatment%2C_2023_%28%25%29_Health2024.png

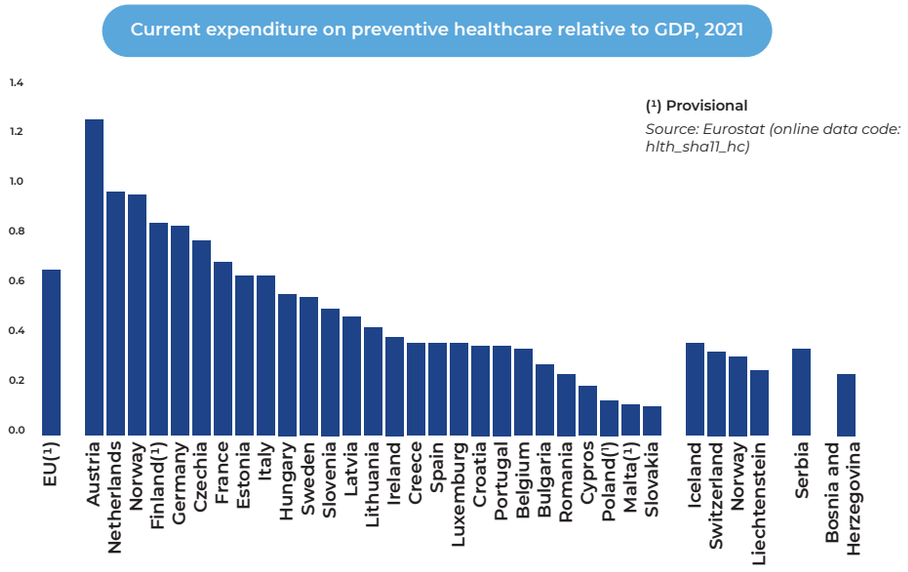
2) The Estonian health system is suffering from a shortage of healthcare professionals, especially nurses, family doctors and mental health specialists.

In 2021, Estonia had 17% fewer physicians (3.4 per 1,000 people) and 24% fewer nurses (6.5 per 1,000 people) than the EU average (4.1 and 8.5, respectively). Of the other Baltic States, Lithuania stands out for having a significantly higher number of doctors than Estonia (approximately one extra doctor per 1000 people). Compared to Slovenia, we have a similar number of doctors but a significantly lower number of nurses per 1000 people.



Number of practicing doctors and nurses.[25]

3) Disease prevention is always better than treatment, and even though Estonia's spending on prevention matches the EU average (around 0.65% of GDP) the country still lags significantly behind Western Europe and the Nordics.



Expenditure on preventive healthcare relative to GDP, 2021.[26]

[25] OECD. (2023). Estonia: Country health profile 2023. Available at: https://www.oecd.org/en/publications/estonia-country-health-profile-2023_bc733713-en.html

[26] Eurostat. (2024). Preventive health care expenditure statistics. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Preventive_health_care_expenditure_statistics

Among all types of prevention, immunization stands out in terms of return on investment and cost-benefit ratio[27]. However, there has been a long-term gradual loss in public confidence in vaccines in Estonia relative to other EU countries[28] and its vaccination program coverage rates have been decreasing over the years[29].

4) **Estonia stands out for its poor access to innovative medicines: according to the WAIT report, Estonian patients have access to just 19% or 31 of the 167 medicines registered in the EU from 2019-2022.[30]**

Specifically in oncology, only 17% or eight of 48 oncology medicines registered from 2019-2022 are available in the country. With orphan medicines, the result is even worse: just 11% or seven of 63 orphan medicines registered in the same period are available to Estonian patients.

An OECD report[31] cites access to new medicines through national reimbursement as an issue in Estonia, as many new treatments available elsewhere in Europe become reimbursable in Estonia only much later. This is attributed to the longer application timeframes and price negotiations. For new medicines, the time from European Medicines Agency (EMA) approval to reimbursement was 559 days in Estonia – longer than the EU average of 516 days. The share of newer cancer medicines with high clinical benefit that are publicly reimbursed or covered is 46%, which is lower than the average across the EU (59%) and that of Estonia's economic peers (54%).

[27] The European House – Ambrosetti, in collaboration with Vaccines Europe and IFPMA. (2024). The value of prevention for economic growth and the sustainability of healthcare, social, and welfare systems. Available at: https://www.ambrosetti.eu/en/news/the-value-of-prevention-for-economic-growth-and-the-sustainability-of-healthcare-social-and-welfare-systems/

[28] The European House – Ambrosetti, in collaboration with Vaccines Europe and IFPMA. (2024). The value of prevention for economic growth and the sustainability of healthcare, social, and welfare systems. Available at: https://www.ambrosetti.eu/en/news/the-value-of-prevention-for-economic-growth-and-the-sustainability-of-healthcare-social-and-welfare-systems/

[29] Rudi, H. (2024). Eestis kasvab risk lokaalseks difteeria puhanguks. ERR. Available at: https://www.err.ee/1609463980/eestis-kasvab-risk-lokaalseks-difteeria-puhanguks

[30] European Federation of Pharmaceutical Industries and Associations. (2024). EFPIA patient wait indicator 2024. Available at: https://efpia.eu/media/vtapbere/efpia-patient-wait-indicator-2024.pdf.

[31] OECD. (2025). Estonia: Country cancer profile 2025. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/02/eu-country-cancer-profile-estonia-2025_a876820e/bb4eec73-en.pdf

3. KEY HEALTH OUTCOMES OF THE ESTONIAN POPULATION

3.1. Low life expectancy

In the last 20 years (2002-2023), life expectancy in Estonia has increased more rapidly than in any other EU Member State (+7.4 years). However, it still remains below the European average and lags behind the figures for all Western European and Scandinavian countries. In 2023, life expectancy was 78.8 years: 2.7 years lower than the EU average of 81.5 years. Compared with the other Baltic States, life expectancy in Estonia was 1.5 years higher than in Lithuania and nearly 3 years higher than in Latvia.[32]

3.2. Large gender gap in life expectancy

Females have significantly higher life expectancy than males. In Estonia, this gender gap is among the top three in the EU (alongside Latvia and Lithuania).[33] In 2022, the gap between men and women in Estonia was nine years, while the EU average was approximately 40% lower, at 5.3 years.

3.3. Decrease in healthy life years

An increase in healthy life years is even more important from the perspective of people, the state and the economy. Although life expectancy is increasing, growth in the number of years lived in good health has slowed and, in 2023, even started to decline. The difference between men and women is significant: according to 2023 data, Estonian men live on average for three years less in good health than women do.[34] The European average for healthy life years is almost equal between men and women, with only a 0.4-year difference in 2022. As such, people live longer in Estonia but with illnesses and health-related limitations which affect their participation in the labour market and society and the growth of the state's healthcare costs.[35]

Based on Eurostat data[36], Estonia's healthy life years at birth were 58 for men and 61 for women in 2022. The following year, healthy life years in Estonia decreased for both: by 1.5 years for men and 1.1 years for women. Compared to the EU average, healthy life years for females were 2.2 years lower and for men 4.4 years lower in Estonia in 2022. Compared to the other Baltic States, Estonia is in a significantly better position than Latvia, but falls behind Lithuania, especially among females: healthy life years in Estonia among women are 1.7 years less than in Lithuania. Healthy life expectancy in Estonia is 7-8 years less for both men and women than in Slovenia. Compared to Finland, healthy life years for females are significantly higher in Estonia (+4 years) but lower among men (1.3 years less).

3.4. The preventable mortality rate is high

The metric of preventable mortality through preventive measures or treatment helps assess a healthcare system's effectiveness, the efficiency of preventive activities and the accessibility of treatment. Although preventable and treatable mortality has steadily decreased in Estonia over time, it remains significantly high: 50% above the EU average. Slovenia – a country similar to ours in size and

[32] QERY. (2024). Life expectancy in EU countries in 2023. Available at: https://qery.no/life-expectancy-in-eu-countries-in-2023/

[33] Eurostat. (2025). Mortality and life expectancy statistics. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Mortality_and_life_expectancy_statistics&oldid=664524

[34] Statistikaamet. (2024). Eesti elanike oodatav eluiga oli mullu läbi aegade kõrgeim, tervena elatud aastate arv aga vähenes. Available at: https://stat.ee/et/uudised/eesti-elanike-oodatav-eluiga-oli-mullu-labi-aegade-korgeim-tervena-elatud-aastate-arv-aga-vahenes

[35] Sotsiaalministeerium. (i.a.). Rahvastiku tervise arengukava 2020–2030. Available at: https://www.sm.ee/sites/default/files/content-editors/Tervishoid/rta_05.05.pdf

[36] Eurostat. (2024). Healthy life years statistics. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Healthy_life_years_statistics

economy – stands out positively in this regard, with a preventable mortality rate close to the EU average.

Compared to the Nordic countries, we are significantly behind: Finland, for example, has a preventable mortality rate almost half that of Estonia's.[37]

The likely reasons contributing to the high mortality rate in Estonia include unhealthy lifestyle factors, socioeconomic barriers leading to limited access to healthcare and coverage in cancer screening programmes. Preventable mortality can be avoided through effective public health and primary prevention before diseases or injuries occur.

At the same time, it is noteworthy that Estonia's expenditure on prevention as a percentage of GDP matches the EU average (0.65%)[38] – indicating that there is significant room for improving the effectiveness of prevention activities.

Estonia's healthcare system is outcome-based. For example, the country has the second-highest cervical cancer mortality rate in the EU[39]. HPV vaccines for adolescent boys were only added to the national immunization schedule in 2024, nearly 10 years later than in a number of other countries. Sweden is one of them: it began vaccinating girls in 2010 and boys in 2020[40]. This makes them a role model in implementing early healthcare innovation, aiming to become the first country in the world to eliminate cervical cancer by 2027. However, since Estonia still has one of the highest HPV incidence and mortality rates in Europe, this suggests that innovation is often implemented too late, even when it is merely process innovation.

3.5. The treatable mortality rate is also very high

Regarding the treatable mortality rate, Estonia had a 45% higher mortality rate than the EU average in 2021. In a comparison with the other Baltic States, a similar trend emerges with preventable diseases. Estonia has achieved better results than both Latvia and Lithuania, which have an approximately 50% and 40% higher mortality rate from preventable causes, respectively. However, in Slovenia, the treatable mortality rate is significantly (nearly 30%) below the EU average, which could be a benchmark for Estonia. Compared to the Nordic countries, Estonia is significantly lagging behind all of them, e.g. Finland, in contrast to which our treatable rate is nearly twice as high.[41]

Treatable mortality can be improved through timely and effective healthcare interventions. Service availability increases participation rates in screening programmes. For example, at-home HPV testing has been available since 2021, leading to the increased participation of women in screenings[42].

Although our population's participation in cancer screening programmes is improving steadily, it is still not reaching the recommended coverage target of at least 70%. In 2023, for the first time, coverage in all three cancer screening programmes exceeded 60%, with 64.5% of invited women participating in breast cancer screening and 64% in cervical cancer screening, and 60.4% of invited men and women taking part in colorectal cancer screening.[43] For example, in breast cancer screening, Finland, Sweden and Denmark have reached coverage targets above 80%.[44]

[37] Eurostat. (2025). Standardised preventable and treatable mortality. Available at: https://ec.europa.eu/eurostat/databrowser/view/sdg_03_42/default/bar?lang=en

[38] Eurostat. (2024). Preventive health care expenditure statistics. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Preventive_health_care_expenditure_statistics

[39] OECD & European Commission. (2023). Estonia: Country cancer profile 2023. OECD Publishing. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/02/eu-country-cancer-profile-estonia-2023_b38a083f/8434f41c-en.pdf

[40] Union for International Cancer Control (UICC). (2025). Sweden's journey to eliminate cervical cancer. Available at: https://www.uicc.org/news-and-updates/news/swedens-journey-eliminate-cervical-cancer

[41] Eurostat. (2024). Standardised preventable and treatable mortality. Available at: https://ec.europa.eu/eurostat/databrowser/view/sdg_03_42/default/bar?lang=en

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4. CALL TO ACTION

For years it has been said that spending on health is an investment. Multiple studies have demonstrated that every preventive euro spent on health and social welfare returns €14 to the economy.[45] Such data are crucial for shaping sustainable and adequate healthcare funding policies for the future.

WE HEREBY CALL ON ALL STAKEHOLDERS TO DO THE FOLLOWING:

1. **To conduct a comprehensive, Estonia-specific study to analyze the effects of additional investments in healthcare on the prospects of health outcomes and the economy.**

2. **In close cooperation with all stakeholders, to create a long-term, overarching strategy for the healthcare ecosystem as a whole as well as a clear action plan and readiness for its implementation.**

The AmCham Healthcare Committee is committed to actively engaging stakeholders, facilitating the preparation of the study design, co-funding the research and contributing to creating the long-term strategy. To ensure that the study encompasses relevant topics and produces meaningful outcomes, we invite healthcare experts from diverse fields to collaborate on the study and strategy, including the development of the study design, research questions, methodologies and other essential components.

For a long-term strategy, Estonia needs bold ideas. As such, we invite all stakeholders to consider ideas that have already been proposed – for example, Võrk and Piirits' analysis in 2023[46] or ideas from the "Future Healthcare Platform" in 2024.[47]

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5. IDEAS GATHERED FROM "FUTURE HEALTHCARE PLATFORM" FOR FUTURE EXPLORATION

5.1. Expanding the use of health data for knowledge-based decision-making

Estonia is a highly developed digital society that collects extensive medical data through TEHIK. However, these data are underutilized in analysis, leading to decisions often being based on limited information or emotions rather than facts. A more thorough and efficient analysis of health data is essential if evidence-based policymaking in healthcare is to achieve its long-term goals.

As an example, the National Health Care Institute of the Netherlands (Zorginstituut Nederland) provides assessments of health interventions and incorporates burden of disease and fiscal impact analyses in its recommendations for policymakers. Its research forecasts the fiscal impact of chronic diseases and discusses policy implications in the broader Dutch healthcare context. The economic evaluations guide and inform healthcare policymaking in terms of increasing health outcomes and managing costs effectively.

For instance, the Netherlands has stated that in the area of cardiovascular disease, the structured management of patients with such diseases could lead to a 20-25% reduction in hospital admissions. Implementing structured care models has resulted in around 10,000 fewer admissions for heart failure annually, equating to significant cost savings estimated at €50 million annually for the healthcare system.[48]

Another example is the Netherlands improving quality of care for stroke patients, which resulted in a 15% decline in the incidence of strokes between 2005 and 2015. This has enhanced patient outcomes and reduced the direct and indirect costs associated with long-term stroke care, estimated at €300 million annually.[49]

Evidence-based policymaking has proven to increase efficiencies, to reduce duplication and to allow people to focus on root causes so as to increase the likelihood of achieving the desired policy result. This is an example of how new health services can be effectively developed and targeted, considering a longer-term horizon. With the current technological developments and the data that already exist in Estonian health databases, such analyses and reports would significantly support healthcare policymaking. Optimizing the use of health data would also improve cost efficiency by reducing low-value or ineffective activities and redirecting resources to areas with the greatest impact.

[46] Wang, Y., et al. (2016). Structured management programs for patients with cardiovascular disease: A systematic review and meta-analysis. European Heart Journal, 37(4), 325–334

[46] Lanting, L. C., et al. (2015). Improving quality of stroke care: National guidelines and stroke prevalence in the Netherlands. Stroke, 46(9), 2456–2460.

5.2. Integrating public and private healthcare – ensuring that patient funds follow the individual

Public funding for private healthcare has increased, expanding outpatient services in private clinics due to rising purchasing power among certain groups of citizens and the need for faster access to medical care. Employer-provided private health insurance is also growing, but the prevalence of small businesses (and the need to tackle chronic conditions) limits its attractiveness to insurers.

The public and private sectors should complement rather than compete with each other. The public system is essential for specialities which are not profitable for the private sector, necessitating different funding mechanisms. The Health Insurance Fund (Tervisekassa) could reimburse part of the costs for patients opting for private healthcare, accelerating treatment access and reducing waiting times in the public system. Public-private cooperation should not be seen as mutually exclusive, since integrating private healthcare can bring additional funding, reduce waiting lists and optimize healthcare expenditure.

However, the root cause of many of the challenges facing Estonian healthcare is a lack of doctors and nurses, which is not entirely addressable by shifting resources from the public to the private sector.

5.3. Transitioning from Fee-for-Service to Outcome-Based healthcare financing

The current Fee-for-Service (FFS) model is outdated, as it prioritizes service volume over treatment quality. Specialist care in Estonia is largely financed through this model, incentivizing repeat visits and procedures rather than ensuring timely and comprehensive treatment.

Countries like Denmark, Germany, the Netherlands, the USA and the UK are moving away from FFS as it does not improve patient outcomes or preventive care. Instead, performance-based or bundled payment models should be adopted, funding the entire treatment pathway from diagnosis to recovery. This would give healthcare providers the flexibility to determine the most efficient treatment process.

Despite discussions on this topic being held in Estonia for more than a decade, implementing this change requires courage and systemic reform. Without action, the healthcare system risks facing abrupt and disruptive changes that would ultimately harm patients. It is time to shift to payment models that focus on actual healthcare outcomes.

5.4. Integrating occupational health and primary care

Occupational health should be integrated with primary care, as health screenings identify workplace-related risks and broader medical conditions requiring intervention by a general practitioner or specialist. At the same time, there is a significant shortage of occupational and primary care doctors, with overlapping services leading to inefficiencies. This reform would reduce costs and alleviate workforce shortages in both fields.

5.5. Developing and supporting the life sciences industry (including the pharmaceutical industry and biotechnology) in Estonia

In addition to contributing to the Estonian economy as a whole, advancing Estonia's pharmaceutical and biotechnology sectors would improve drug accessibility, lower costs and reduce import dependence. Local production would ensure security of supply, enable

better price control and create high-value jobs. State investments, partnerships between universities and businesses and flexible regulations could establish Estonia as a competitive hub for pharmaceutical and biotechnology industries.

This is also in line with the EU's focus on R&D investments and attempts to attract and recruit more patients for clinical trials across its Member States. There is currently a significant gap in Estonia in this regard. The Estonian government and decision-makers could incentivize and attract more clinical trials to Estonia through dialogue with the local affiliates of innovative global pharmaceutical companies. Clinical trials should be regarded as an option for patient groups who have exhausted other treatment options (e.g. in oncology as per the ESMO and NCCN guidelines) in rare paediatric diseases and other conditions. Optimising clinical trials in Europe, including in Estonia, would significantly contribute to the EU's goals of enhancing European competitiveness and fostering healthcare innovation and resilience. Another important aspect of the sustainability of the healthcare system is to form partnerships within the framework of horizon-scanning so as to plan, track and facilitate faster access to innovative, value-adding healthcare solutions for patients in the future. This requires the mapping of innovation, discussions with professional societies and regulatory bodies (the EMA, or in Estonian the Ravimiamet) and local representatives of biopharma and other companies in order to understand the horizon and plan related investments, funding models, facilities and readiness for new therapies (e.g. gene and cell therapy) which have the potential to cure what are currently chronic diseases (e.g. haematological malignancies, rare diseases and autoimmune diseases).

AmCham Healthcare Committee members who represent Global BioPharma companies in Estonia could share information from other European countries that have established such processes (e.g. Scandinavia) with Estonian decision-makers for optimal dialogue and the co-creation of solutions. The ultimate goal is to provide timely access to value-adding, innovative solutions (compared to the current standard of care) and to address the gap for Estonian patients. They could also role-model some co-created solutions for other EU Member States, enabled through risk-sharing agreements, use of local e-health data to analyze outcomes and so on. For these purposes, innovative approaches, open-minded dialogue and partnership are needed.

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

To improve the financing of the healthcare system, access to timely treatment and the prevention of health risks, we propose raising the tax exemption limit to €1,200 per year, or considering its complete abolition.

The tax exemption of €400 for employees' health and sports expenses, which was introduced in 2018, has not changed for seven years and is therefore outdated. Considering inflation, the tax-exempt threshold agreed upon in 2018 should have increased to approximately €800 since then.

Waiting times for treatment have increased, and overall access to treatment has worsened during this period. On the one hand, the Estonian health system urgently needs additional funding; on the other hand, the state must allow employers to invest more in the health of their employees. To improve the financing of the health system, access to timely treatment and prevention of health risks, we propose raising the exemption threshold to €1,200 per year, or considering abolishing it altogether.

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

5.7. Reducing VAT on medical products to 5%

Reducing VAT on medical products would improve access to essential medicines for Estonian residents, encourage earlier medical intervention and reduce untreated health issues. When people feel they can afford treatment, they become more likely to seek medical help in time. Eurostat data shows that 12.9% of the Estonian population has skipped medical care due to long waiting times, being too far to travel for and being unable to afford it. Estonians already pay 22% of their own health costs, exceeding the EU limit of 15%.

Neighbouring countries' experiences demonstrate that reduced VAT rates can enhance access to health products. For example, Lithuania established a 5% cap on VAT for certain medicines and medical aids in 2020. Croatia also applies a 5% rate, and Latvia is working to lower its VAT rate on medicines from 12% to 5%. In Latvia, more than 21,000 people have signed a petition supporting this measure.

Estonia can learn from these examples. Reducing VAT would lower costs, especially for low-income and vulnerable groups, and free up additional funds in the Estonian Health Insurance Fund budget. While the EHIF already covers VAT on compensated medicines, a lower rate would further reduce costs. This change would benefit public health and support Estonia's economic and social development, advancing the long-term goals of equality and quality of life.

5.8. Transfer of revenue from tobacco for smoking, alcohol and gambling tax to the budget of the Estonian Health Insurance Fund

This proposal aims to transfer part of the revenue from tobacco for smoking, alcohol and gambling taxes directly to the Health Insurance Fund. This would enable the implementation of comprehensive, science-based control, prevention and harm-reduction strategies to eliminate or reduce the harm caused by risk factors. Through science-based policies, research and effective evidence-based measures, we increase life expectancy and improve public health by reducing the use of and harm caused by alcohol, tobacco and other psychoactive substances.

Tobacco, alcohol and gambling taxes are a significant source of revenue. The share of alcohol and tobacco excise revenue in the Estonian state budget is among the highest in the EU, comprising almost 4.8%. For example, €263 million was collected in Estonia in 2023, accounting for 2.1% of all tax revenue in the state budget.

Allocating part of this tax revenue to the Health Insurance Fund would provide a stable and sustainable funding source for health needs. The extra revenue could fund preventive health programmes, addiction treatment, counselling and other health services. Tobacco tax revenue could be channelled into programmes for quitting smoking and lung cancer screening and treatment. Alcohol tax revenue could be used to fund addiction treatment programmes, and gambling tax revenue could support mental health services and gambling addiction programmes. Implementing science-based approaches focussing on harm reduction in policy-making would help to eliminate or reduce the harm caused by alcohol, tobacco and other harmful substances.

Channelling certain tax revenue into health would ensure that the funds are used for a specific purpose and would link taxation to a broader benefit, which would help to mitigate potential public opposition. Experience in different countries has shown that the transfer of revenue from tobacco excise to social and health programmes can gain public approval provided that the revenue is used in accordance with the promises made by politicians.