

Lessons learned - Linking EU funding tools with national priorities

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The role of EU funds in capital investment for health-care: a case study of Estonia's approach to provider network transformation 2004-2024

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ABSTRACT

Background: Many health systems need substantial capital investment to advance people-centred, integrated care, but public capital budgets are often constrained. Estonia strategically leveraged EU grants to enable provider-network transformation alongside broader service-delivery reforms.

Reform content: After EU accession, Estonia leveraged EU grants to finance coordinated programmes of investment aligned with national strategies. Across 121 projects, €652.8 million was invested, of which €463.8 million came from EU funds. Investments supported optimisation of the acute hospital network, expansion of nursing/long-term care, establishment of multidisciplinary primary health-care (PHC) centres, and upgrades to digital infrastructure and emergency preparedness. Project selection was determined by functional development plans, reform-related eligibility criteria and co-financing rules, with the Estonian Health Insurance Fund (EHIF) engaged to assess long-term budget impact.

Expected results: Overall, this multi-phase investment programme was designed to modernise infrastructure, rationalise acute capacity, expand PHC scope and strengthen continuity of care and preparedness. Observed system changes include: fewer acute beds and more nursing beds; modernised regional hospitals; and substantial PHC and digital upgrades. However, uptake of extended PHC services was limited in practice, highlighting the need to combine capital and organisational change.

Conclusions: Estonia's experience shows that EU grant funds - though modest relative to total health spending - can spur reconfiguration when embedded in clear strategies, conditional access to capital, inclusive stakeholder engagement, and purchaser alignment. Future sustainability will depend on securing predictable domestic capital and ensuring that infrastructure investments are matched by service-delivery and workforce changes to realise intended benefits.

1. Introduction

For many countries, significant investments in health-care infrastructure are required to enhance financial sustainability, respond to changing health needs, and harness technological advances. A strategic approach to capital investment can support progress towards people-centred, integrated systems of care - for example by strengthening primary health-care (PHC) capacity and enabling the concentration of acute care. However, public capital budgets are often insufficient to meet these goals, due to fiscal constraints. In Estonia, grants from the European Investment Bank), to meet their sources of funds generate long-term by public budgets, such that, in many does not generate such costs, is preferred. In Estonia, grants from the European Investment Bank), to meet their sources of funds generate long-term by public budgets, such that, in many does not generate such costs, is preferred.

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EU funding instruments for health infrastructure

European Regional Development Fund (ERDF) (2004–2020)

- Hospital network optimisation and consolidation
- Expansion of long-term care (inpatient nursing) capacity
- Development of multidisciplinary PHC centres

REACT-EU (2020–2023)

Emergency preparedness

- Isolation wards, oxygen capacity
- Infrastructure resilience (power supply, continuity of care)

Recovery and Resilience Facility (RRF) (2020–2026)

- Integrated hospital-PHC infrastructure

In total €652.8 million total investment, of which **€463.8 million EU funds**
(Equivalent to **~2.2% of cumulative health insurance health service spending**)

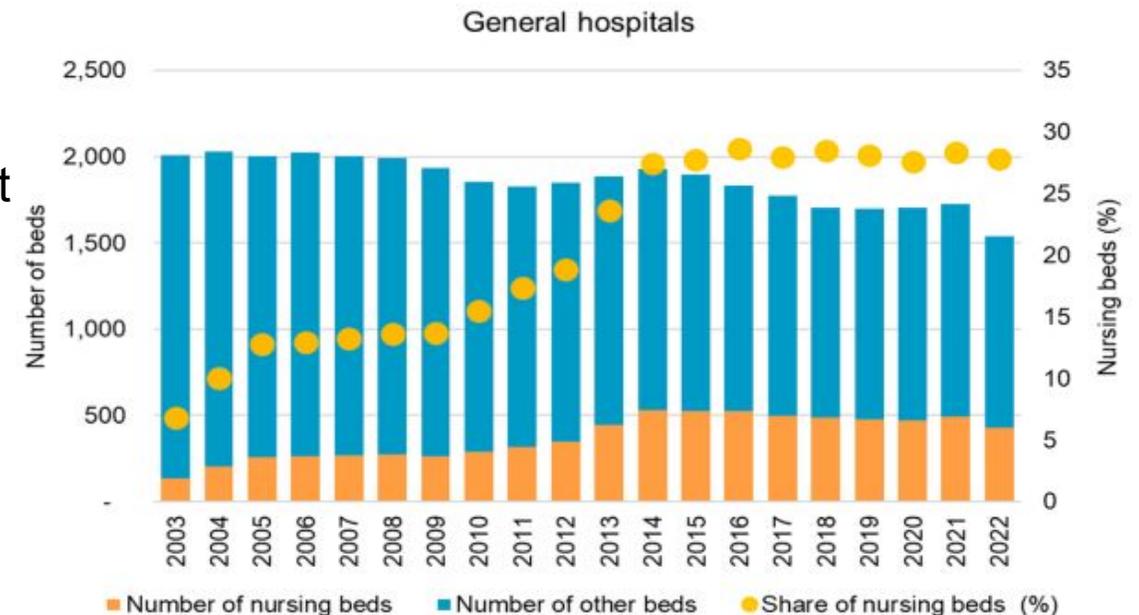
Long term care investments

How funds were used:

- Repurposing a part of small acute hospitals capacity into long term care services
- Expansion of inpatient nursing beds
- County-level funding envelopes to ensure regional equity
- Alignment with the Nursing Care Network Development Plan
- Estonian Health Insurance Fund aligned purchasing strategy (increased budget allocation, contracting, payment design)

Impact:

- Fewer beds in total, more nursing care beds in general hospitals
- Made structural reform politically feasible by offering a “soft landing” for small hospitals



Primary health care investments

How funds were used:

- Construction and renovation of multidisciplinary PHC centres
- Alignment with the Health Care Development Plan 2020
- Eligibility linked to:
 - Group practices (≥ 3 -6 family doctors)
 - Geographic need (pre-defined service catchment areas) and population Use of municipalities and hospitals as infrastructure owners where PHC providers lacked capital
- Investment in PHC IT systems
- Estonian Health Insurance Fund aligned contracting and payment incentives

Impact:

- Modernised physical and digital PHC infrastructure (54 centres + integrated hospital-PHC site)
- Enabled group practices and better working conditions
- Reduced infrastructure inequality between regions
- By autumn 2022, 36 % of EU funded PHC practices had not signed contracts to extend their scope of services -> infrastructure \neq service change

Lessons

- ✓ EU capital grants can catalyse health service provider network transformation
- ✓ Strategic planning frameworks are essential for systemic impact
- ✓ Robust regulatory arrangements protect alignment and transparency
- ✓ Early and active stakeholder engagement enables reform uptake
- ✓ Purchaser involvement is key for long-term sustainability



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Thank you!

