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COVER NOTE

From:	Employment Committee and Social Protection Committee
To:	Permanent Representatives Committee/Council
Subject:	Outcome of the 2023 Country-Specific SPC reviews

Delegations will find attached the document on the outcome of the 2023 Country-specific SPC reviews as an addendum to the joint Opinion of the Employment Committee and the Social Protection Committee on the 2023 Country-Specific Recommendations.

Horizontal Opinion

of the Employment Committee and the Social Protection Committee

on the 2023 cycle of the European Semester

Annex 2 – Outcome of the 2023 Country-specific SPC reviews

Contents

1) SOCIAL PROTECTION AND SOCIAL INCLUSION

a. Czechia

2022 CSR # 3: Strengthen the provision of social and affordable housing, including by adopting a specific legislative framework for social housing and improved coordination between different public bodies.

Czechia reports on several measures aimed at improving housing affordability, which has been amongst the lowest in the EU in the past five years. At the same time, Czechia acknowledges that in the current context of high inflation and energy prices, the extent of the housing shortage problem may increase significantly in the coming years.

A new Housing Support Act, which will define roles and responsibilities for various actors (such as municipalities, owners, non-governmental organizations) and introduce systemic support for obtaining and maintaining housing for persons in need, or at risk of housing need, is expected to be submitted for government adoption by the end of 2023. The act is expected to take effect from 2025. In addition, Czechia reports intensifying its investments in housing, currently being carried out with the help of EU funds, with two additional support programmes for construction and reconstruction, funded through the national budget, foreseen. Current social policy support measures include, in particular, the system of state social support and social housing, which is created according to the decisions of individual municipalities.

The SPC welcomes the planned investments and legal changes, but takes note that adoption and realisation of the planned measures is still pending. Given the scale of the housing affordability challenge, additional investments in infrastructure, as well as supporting social policy measures, may be required to fully address the issue.

b. Denmark

2022 CSR # 1: Stimulate investment in construction of affordable housing to alleviate the most pressing needs

Housing costs in Denmark are high and compared to most other EU Member States Danish citizens tend to spend a higher amount of their income on housing. Long waiting times for social housing exist in the main urban areas.

In an effort to alleviate the most pressing needs and stimulate investment in the construction of affordable housing, the Danish parliament adopted in June 2022 a law to ensure mixed cities. The measure is aimed at supporting the establishment of affordable social housing in areas with higher property pricing and has a budget exceeding 670 million Euros.

The political agreement, leading to the establishment of the Fund for Mixed Cities also contained initiatives on combatting homelessness, with the ambition to end long-term homelessness and reduce the number of homeless citizens significantly. To that end, and in addition to the provision of more affordable housing units, the government is placing special focus on the Housing First-method and intends to strengthen the economic incentives for municipalities to accommodate homeless people in permanent housing. The proposed legislation is expected to be processed in the parliament in the spring of 2023.

Finally, Denmark reports on its efforts to stimulate investments in the sustainable renovation of social housing. A total grant of more than 4 Billion Euros is made available for the period 2020-2026.

The SPC is of the opinion that the reported measures are positive steps towards addressing the requirements of the Country Specific Recommendation, although further measures may be needed. As the schemes have only been in effect for a limited amount of time, their impact should continue to be assessed. The SPC also takes note of the potential negative impact of the high inflation of 2022 and 2023 on the expected number of affordable rental homes that can be supported, as the total allocated budget was fixed in current prices.

c. Lithuania

2022 CSR # 3: Improve access to and quality of social housing.

Lithuania's spending on social housing (EUR 10.31 per inhabitant in constant 2010 prices), is below the EU average (EUR 101.58), leading to persistent shortages and long waiting lists.

In an effort to address these shortages and the insufficient quality of social housing, Lithuania reports on amendments being made to existing laws. The amendments would allow municipalities to rent housing units owned by natural or legal persons for a period of at least five years and use these housing units for social housing purposes, thus allowing certain vulnerable groups to lease municipal housing below market prices. In addition, the waiting period for receiving social housing rent was specified in a law, with an obligation for municipalities to financially compensate potential beneficiaries, in case the maximum allowed waiting period is exceeded.

Lithuania also reports on the intention to initiate further discussions regarding possible policy decisions and long-term directions for the development of housing affordability (including social housing) with responsible institutions, following the completion of an OECD study on the topic of affordable housing in Lithuania, due in Q2 2023.

The SPC welcomes the reported measures as steps in the right direction, and acknowledges the need for a holistic strategy to address the shortages and insufficient quality of social housing in Lithuania. Given the scale of the challenge, it will be important for Lithuania to address the CSR in a more substantial manner, including by capitalizing on the results of the forthcoming OECD study.

d. Spain

2022 CSR # 2 Increase the availability of energy-efficient social and affordable housing, including through renovation.

Housing affordability, related to high rental prices and the low number of social and affordable housing, has been identified as a challenge in Spain.

In an effort to address the issue, Spain has established a *State Plan for Access to Housing 2022-2025*, which includes five programmes specifically aimed at expanding the supply of affordable rental housing. The Plan has an endowment of 1.7 billion euros for the whole period, which is distributed among the Autonomous Regions for the implementation of the different programmes. A draft of the *Law for the right to housing,* aimed at offering effective instruments to the territorial administrations to increase the supply of housing at affordable prices, was sent to the Spanish Parliament, and is currently undergoing parliamentary processing.

In addition, the Spanish Reform and Resilience Plan envisages the construction of additional energy-efficient affordable or social rental dwellings by Q2 2026, and foresees additional measures to promote building rehabilitation (Law 10/2022). A Royal Decree 853/2021, of October 5, has also been issued aimed at regulating the aid programmes in the field of residential building renovation and social housing of the RRP.

The SPC takes note of the planned measures and encourages the Spanish authorities to continue with their swift implementation. Given the scale of the challenge, further measures may be needed to address the requirements of the 2022

e. Latvia

2022 CSR # 3: ... strengthen the adequacy of healthcare and social protection to reduce inequality.

Latvia's public expenditure on healthcare and social protection is lower than the EU average, which affects negatively the health outcomes and the impact of social protection on reducing poverty and income inequality.

In the area of social protection, Latvia reports the adoption of a minimum income (MI) reform, which entails an increase of all minimum income related social transfers and links future MI thresholdsto socio-economic indicators. Certain additional measures to reduce the tax burden on low wage earners and to combat the negative impact of high inflation on incomes are also reported.

In the area of healthcare, several measures have been launched with support from European funds (ESF/RRF), aimed at strengthening the resilience of the health sector; improving the availability and the qualifications of medical staff; as well as aimed at improving the planning and implementation of public health policy and the efficiency of the provision of state-funded health services.

The SPC acknowledges the efforts made by Latvia to address the 2022 Country Specific Recommendation. In particular, the adoption of the minimum income reform is seen as an important step in strengthening social protection. The impact of this measure should continue to be carefully monitored, with further actions to be considered as necessary. In the areas of healthcare, the implementation of additional measures should continue in line with the Latvian Strategy on Public Health Policy.

f. Poland

2022 CSR # 3: Better target social benefits and ensure access to those in need.

The Country Specific Recommendation, addressed to Poland refers to the challenge of better targeting social benefits and ensuring access to those in need.

Poland considers that the Polish social protection system addresses the needs of all vulnerable groups and that social assistance benefits are generally well targeted. No significant changes were therefore reported in this respect.

At the same time, Poland reports on several additional measures, specifically aimed at protecting older persons from the risk of poverty. The introduction of a personal income tax zero (PIT-0) for persons of pensionable age who remain in gainful employment is expected to encourage delayed retirement, thus resulting in higher pensions and lower risk of old age poverty. With the same measure, the annual income of persons with lower pensions benefits, or receiving disability pensions has been exempted from personal income tax. Low- and moderate-amount pension recipients were also entitled to receive a “14th pension benefit”. A reform of the long-term savings scheme Employee Capital Plan (PPK) is aimed at providing additional capital for the future retirement, privileging lower wage workers and supplementing their retirement income.

The Committee acknowledges that Poland is taking positive steps towards poverty risk reduction, but considers that further efforts in improving the targeting of its social benefits are needed. The SPC welcomes the taxation- related measures, taken by the Polish authorities to improve the financial situation of older persons or persons with disabilities on low incomes. Efforts to retain older persons in employment are also welcome and should be accompanied with supporting labour market and health measures. The introduction of a means-tested 14th pension is an important measure which can support the living standards of the retired population in the context of high inflation and spiking energy cost, but given its dependence on national budget possibilities and government discretion cannot be considered as a long-term structural measure.

g. Portugal

2022 CSR # 1: Improve the effectiveness of the** tax and **social protection systems, in particular by simplifying** both frameworks**, strengthening the efficiency of their** respective **administrations, and reducing the associated administrative burden.

The effectiveness of social transfers in reducing poverty and inequality is below the EU average in Portugal. This is partially attributed to the fragmentation and complexity of the social protection system leading to relatively low take-up rates and a lack of effective focus on those most in need.

Portugal reports on a wide range of measures, which include increased income supports for vulnerable groups, as well as improvements in services and legislation. Such measures include an update of the social insertion income (*Rendimento Social de Inserção*), reinforcement and update of the Family Allowance, the creation of its complement (the Child Guarantee) and the extension of free coverage in child day care. Efforts are also being made to modernise and simplify Portugal's social welfare system, to increase awareness and take up of benefits through the "Social Security Digital Transition". The move to a single social benefit, replacing a set of non-contributory social benefits is reported to be in a preliminary stage.

The SPC welcomes the measures to improve the adequacy of the social benefits in Portugal. The Committee is of the opinion that the introduction of a single social benefit, as well as the continued implementation of the National Strategy to Combat Poverty have the potential to address the underlying challenges identified in the country specific recommendation. At the same time, reforming and simplifying the social protection system will imply changes in the legal and administrative framework, which are yet to be presented and the adoption of an action plan for the implementation of the National Strategy to Combat Poverty is pending.

h. Hungary

2022 CSR # 2: Improve the adequacy of social assistance and ensure access to essential services and adequate housing for all.

Despite increasing employment rates and some notable improvements in recent years of the overall poverty situation in Hungary, an important part of the population still suffers from severe material and social deprivation (10.4% in 2021, 4th highest in the EU), with significant regional differences observed between the more developed Central and North-West regions (4.0%) and the North-East and South-West regions (17.7%) and among certain groups. The 2022 CSR issued to Hungary takes this into account and calls for improving the adequacy of social assistance, as well as ensuring access to essential services and adequate housing for all.

Hungary reports on several measures, aimed at addressing the requirements of the CSR. Recent minimum wage increases have led to higher amounts for several benefits, such as nursing fee, child home care fee and the old age allowance, thus strengthening the adequacy of social assistance. At the same time, however, the nominal amount of the social assistance (minimum income) has remained unchanged for 2023, despite the high inflation context. Hungary also reports that several measures, such as the development of local health and social infrastructure, the transition from institutional to community-based care, as well as the "complex settlement programme" and "emerging Settlements programme", which target segregated neighbourhoods, were continued. Renovation measures are also taking place.

The SPC takes note of the policy measures adopted by Hungary, aimed at improving the adequacy of social assistance and at ensuring access to essential services and adequate housing for all. The Committee recognizes the positive development in the employment and poverty situation in Hungary, but notes that the poverty decrease has slowed down, and that certain most vulnerable groups remain highly exposed while benefitting less from the increase of the employment rate. Given the relatively low adequacy of social benefits, the high inflation context and the remaining obstacles in access to essential services, the SPC encourages Hungary to continue with its efforts.

i. Finland

2022 CSR # 1: Present policy proposals for the social security reform, aiming to increase the efficiency of the system of social benefits, improving incentives to work, and also supporting long-term sustainability of public finances

Finland's social security system provides good coverage and effective protection against poverty, but it is also considered as highly complex, with scope for improving its efficiency

In Spring 2020, the Government appointed a Parliamentary Social Security Committee, tasked to reform the Finnish Social Security System as a whole (2020-2027). In March, 2023, the Committee published an interim report, outlining alternative ways of organising social security and presenting 31 proposals for reforms in the social security for consideration by future governments. The report also includes policy guidelines for the Committee's work during its second term, under which the Committee will define and build monitoring indicators and tools for assessing progress made in the reform.

The legislative work on the social security reform is to be launched during the next government term.

The SPC welcomes the progress made in identifying the main shortcoming of the current social security system and the possible reform measures. The SPC takes note that the findings of the parliamentary Social Security Committee are yet to be translated into concrete policy proposals and proposals for legislative changes by the new Finnish government.

2) PENSIONS

a. Czechia

2022 CSR # 1: Take measures to ensure the long-term fiscal sustainability of *public finances, including* ***the sustainability of the pension system.***

Driven by demographic change, ageing-related expenditure is expected to increase significantly in Czechia. In 2022 the fiscal position of the pension system deteriorated significantly and the mid to long term outlook remains worrying with a pension system balance that is expected to start worsening after 2030. The government has established advisory bodies on fiscal sustainability and pension reform that have proposed potential measures. It is expected that during 2023 some of these proposals will be addressed by the government.

In the meantime Czechia's response to the Country Specific Recommendation consists of two measures, aimed at incentivizing the participation of older workers in the labour market.

- A bill that introduces a reduction in the pension employer contribution rate by 5% for employers who create a new part time job for (among others) persons older than 55 years of age may increase demand for older workers. The bill has already passed into law and is will in effect from February 2023.
- A draft bill that introduces a reduction of the pension employee contributions by 6,5 % for working pensioners (the full rate payable by employees) is currently going through the governmental consultation process. The bill is intended to increase the motivation of older people to remain in the labour market after reaching the retirement age.

The measures can be expected to improve the financial sustainability of the public pension system, however given the already high employment rate of older workers (relative to other EU Member States), the potential impact of these measures may be limited.

The SPC is of the opinion that measures proposed address the CSR only partially. The provisions of the 2022 Country Specific Recommendation remain relevant. The Committee encourages Czechia to consider further reform measures.

b. Germany

2022 CSR # 1: Safeguard the long-term sustainability of the pension system.

Germany reports on a series of past reforms since the nineties, aimed at improving the sustainability of the pension system, including by decreasing the pension level, strengthening occupational and personal pensions and gradually increasing the retirement age from 65 to 67 by the year 2031. The strong performance of the German labour market in recent years has also contributed to limiting the burden of pension expenditure. Despite this, driven by population ageing, pension expenditure in Germany is projected to rise from 10.3% of GDP in 2019 to 12.0% in 2040 (Ageing Report 2021).

In an effort to address the requirements of the Country Specific Recommendation, Germany reports on several additional recent measures.

- As part of the 2022 Pension Reform Package I, the so-called catch-up factor *(Nachholfaktor)* has been reinstated in the pension adjustment formula. This measure is expected to prevent pensions from outpacing wage developments, thus contributing to the pension system sustainability and intergenerational equity.
- With the second Pension Reform Package (planned for 2023) Germany will commit to a minimum income replacement rate of its pensions of 48% and will introduce a partial capital coverage of the statutory pension insurance. While the introduction of a minimum income replacement rate is expected to impact positively on the adequacy of pensions, the impact of this measure on sustainability is not entirely clear. At the same time, the partial capital coverage may have a positive impact on the financial sustainability of the pension system by widening the financing base.
- Germany also reports on its efforts to ensure the stability of its labour market and secure the supply of skilled labour through a Skilled Labour Strategy (*Fachkraeftestrategie*). The strategy aims at using statutory and sub-legislative measures to support companies' and organisations' efforts to find and retain skilled labour.
- Finally, with the aim of a fundamental reform of private old-age provision, the government has appointed a commission to examine fiscal incentives for new private pension products and whether a public fund can provide an effective and cost-efficient offer for private old-age provision.

The SPC welcomes the efforts made by Germany to address the requirements of the 2022 Country Specific Recommendation. As details for the implementation of the envisaged Pension Reform Package II are still to be developed, and the exact impact of the foreseen measures is not entirely clear, the SPC encourages Germany to continue with its efforts in ensuring the long-term sustainability of its pension system. The Committee also appreciates Germany's attention to ensuring the adequacy of pensions.

c. Ireland

2022 CSR # 1: Address the expected increase in age-related pension expenditure by ensuring the fiscal sustainability of the state pension system.

Ireland recognizes that given the projected demographic trends, the State Pension system - as currently configured - is not sustainable and that action is required either to reduce the rate of growth in the cost and/or to increase revenue to fund the system. To that end, in 2020 Ireland established a Pensions Commission, tasked to examine the sustainability of the State Pension system and the Social Insurance Fund.

In response to the Pension Commission's recommendations (published in 2021), the Irish government announced in September 2022 a number of reform measures, due to be implemented by January 2024. A roadmap for implementation is being developed.

According to the measures announced, Ireland plans to tackle the expected increase in pension expenditures by broadening the social insurance revenue base and by gradually increasing social insurance contributions. In addition, a flexible option to defer retirement may also help in reducing expenses. At the same time, the Government intends to maintain the current retirement age of 66, as the previously planned increases of the State Pension age to 67 years in 2021 and to 68 in 2028 were repealed.

The SPC recognizes that the planned measures have the potential to improve the sustainability of the Irish State Pension system. The SPC also takes note of the intention to maintain the current retirement age unchanged, but to introduce a flexible option to defer retirement. As details on most of the announced measures are yet to be elaborated, the SPC encourages Ireland to continue with its efforts to address the requirements of the Country Specific Recommendation.

d. Luxembourg

2022 CSR # 1: Improve the long-term sustainability of the pension system, in particular by limiting early retirement and by increasing the employment rate of older workers.

Luxembourg acknowledges the importance of improving the long-term sustainability of its pension system.

At 61.5 years in 2021, the effective retirement age of old age and early pensioners (general pension scheme) is situated below the statutory retirement age of 65 and is among the lowest in Europe. Despite a significant improvement in recent years, the employment rate of older workers (aged 55-64) remains much lower than the EU average (46.6 % in 2021, compared to an EU average of 60.5%). Consequently, projections show that with unchanged policies, the country is expected to experience one of the sharpest increases among the EU countries in pension spending as percentage of GDP (18% of GDP by 2070, compared to 9% in 2019). In the short- to mid- term, the issue is mitigated by a substantial reserve accumulated within the system, which has been earmarked exclusively for covering deficits of the general pension scheme and which is expected to last until the late 2040s.

In an effort to address the issue, in April 2022, the Luxembourgish General Inspectorate of Social Security published a national assessment of the pension system (*Bilan technique du régime général d'assurance pension*). Following this, the government has commissioned the Economic and Social Council (*Conseil économique et social - CES*), composed of representatives of the employers, employees and the government, to discuss possible implications and to propose adequate policy measures to improve the long-term sustainability of the pension system.

While the mission attributed to the *Conseil économique et social* constitutes an important step towards a national debate on pension reform, the relevant measures remain to be proposed and adopted. The SPC is of the opinion that the provisions of the 2022 Country Specific Recommendation remain relevant. Luxembourg is encouraged to further consider appropriate reform measures.

e. **France**

2022 CSR # 1: Reform the pension system to progressively unify the rules of the different pension regimes to enhance its fairness while underpinning its sustainability.

To ensure the long-term sustainability and fairness of its pension system, in 2019 France started preparations for an ambitious reform, which would have been subject to a parliamentary vote towards the end of the first half of 2020. In 2020, however, in the wake of the COVID-19 crisis, the adoption of this reform was postponed to an unspecified later date. In January 2023, the draft law has been reintroduced for examination by the National Assembly and the Senate and is scheduled for adoption in March 2023. The entry into force of its main measures is foreseen to take place in September 2023.

The reform entails partial simplification of the pension system, which currently consists of 42 special schemes organized by profession and status. The foreseen gradual increase in the legal retirement age (from 62 years today to 64 in 2030), as well as the discontinuation of several special retirement schemes and their alignment to the general scheme is expected to strengthen the sustainability dimension of the French pension system. At the same time, the fairness aspect is being addressed through several measures concerning those with long working lives, difficult working conditions or health issues, preventing them from working.

The SPC welcomes the commitment of the French government and is of the opinion that the planned reform has the potential to improve both the sustainability and fairness aspects of the Country’s pension system. While the reform proposal remains to be adopted and implemented in practice, and some of the special retirement schemes would be retained, the SPC recognizes that France has taken important steps to address the requirements of the CSR. Nevertheless, some reform measures may have a negative impact on the gender pension gap, and further targeted measures to address older workers’ health risks and vulnerable groups are needed, together with strong involvement of social partners and stakeholders.

f. Hungary

2022 CSR # 1: Improve the long-term sustainability of the pension system, while preserving adequacy in particular through addressing income inequalities.

The gradual increase of statutory retirement age in Hungary has been concluded in 2022. As a result, the retirement age was increased to 65 years for both men and women. Combined with the recently observed significant improvement in the employment rates of older workers, this increase is expected to impact positively on the sustainability of the Hungarian pension system. In addition, in an effort to enhance the adequacy of pensions, Hungary reports re-introducing a 13th month pension. While, this 13th monthly pension may contribute to adequacy in the short term, more systemic solutions are needed in the long run, to avoid a negative impact on the sustainability of the system. The minimum pension has also remained nominally unchanged since 2008.

In an effort to improve the long-term sustainability of the system, while preserving the adequacy of the pensions, Hungary has further committed to follow a three-phased approach. In phase one, independent international experts will conclude a report on policy options to address the long-term sustainability challenges of the Hungarian pension system by the end of 2023. In phase two, based on the recommendation of the report, a policy proposal that outlines the proposed reform options will be prepared by the government and discussed with economic and social partners by the end of the second quarter of 2024. Finally, in phase three, legislation amending the pension system is expected to enter into force before the end of the 1st quarter of 2025.

The SPC welcomes the intention of the Hungarian government to revise its pension system, as the measures currently in place may not be sufficient to fully address the requirements of the Country Specific Recommendation, given the expectations concerning the evolution of working age population, increasing life expectancy and existing high inequalities among pensioners. Hungary is therefore encouraged to proceed with the planned revision of its system.

g. Netherlands

2022 CSR # 1: Enact and implement the reform of the pension system agreed in 2019 and 2020.

The pension system in the Netherlands is considered to perform well in terms of pension adequacy and fiscal sustainability. An agreed reform of the occupational (second-pillar) pension system is expected to further increase the system's resilience to shock in view of an ageing population, the emergence of non-standard forms of work, economic uncertainty, and persistently low interest rates.

The proposed legislation to reform the second pillar pension (*Law on the future of pensions, Wet Toekomst Pensioenen*) was sent to the Parliament in March 2022 and approved by the House of Representatives in December 2022. Subject to approval by the Dutch Senate, the law is expected to enter into force on 1 July 2023 and the transition to the new pension system should be completed by 1 January 2027 at the latest. In the transition, special attention should be paid to gender related aspects, such as risks related to survivor pension changes, and risks related to lump sum withdrawals.

The SPC welcomes the efforts made by the government of the Netherlands to enact the agreed reform, which has the potential to address key challenges and vulnerabilities, including those in the second-pillar pension system and to reflect the more flexible forms of employment in the labour market. The effective implementation of the reform and its impact should be closely monitored in the years to come, along with related administrative costs and implementation risks.

h. Poland

2022 CSR # 1: Ensure the adequacy of future pension benefits and the sustainability of the pension system by taking measures to increase the effective retirement age and by reforming the preferential pension schemes.

Poland reports on several past measures to improve the employability of older workers through labour market and fiscal policies, such as for example job placement, career guidance, training, internships, referral to work for reimbursed jobs, co-financing starting a business. Most recently, Poland has made an amendment to the Personal Income Tax Act, reducing as of 2022 the personal income tax for people who have reached retirement age but continue to work.

While such measures may provide some additional incentives to defer retirement, initial trends indicate their impact is likely to be limited. Furthermore, Poland reported insufficient details on measures aimed at reforming the special pension schemes and limited details on addressing the aspect of pension adequacy, especially for women given the lower statutory retirement age compared to men. There are some concerns related to the impacts of the measures presented on adequacy in the longer term. The SPC is of the opinion that additional efforts are needed to address the requirement of the CSR.

3) Healthcare

a. Hungary

2022 CSR # 3: Improve access to quality preventive and primary care services.

Despite significant improvements in the life-expectancy at birth in recent years, the number of years lived in health in Hungary remains below the EU average, indicating that there is still scope for improving the general state of health of the population. Behavioural risk factors, scarcity of medical personnel, and issues related to the accessibility of primary care are among the main concerns to be addressed.

Hungary presented a comprehensive list of measures, aimed at addressing the requirements of the 2022 Country Specific Recommendation. In particular, the country reports on the implementation of several health promotion and addiction prevention programmes in the period 2020-2022, as well as on its efforts to review and expand existing cancer screening programmes and to reduce hospital inpatient time. Continued efforts (since 2013) are being made to encourage GPs to form group practices and to improve the governance of health providers, by transferring to county leading hospitals more responsibility and autonomy (since 2020). Measures are also being taken to strengthen human resource capacities of healthcare. These include wage increases, additional training and support (including mental health support) for medical workers, as well as the reorganization of primary care out-of-hours services.

The SPC welcomes Hungary's commitment to address the challenges in its health system. The presented measures are comprehensive and have the potential to address the requirements of the 2022 Country Specific Recommendation. At the same time, the SPC takes note that clear results in terms of improving population health status or attracting more medical personnel are yet to materialize. A clearer indication of milestones and targets to be achieved may be necessary for the continued monitoring of the progress made.

b. Greece

2022 CSR # 3: With a view to ensuring adequate and equal access to health care, complete the rollout of the primary health-care reform in line with the framework amended under enhanced surveillance, including staffing of all primary healthcare units, implementing population registration and introducing effective gatekeeping by general practitioners.

Greece reports that all the necessary primary and secondary legislation for its Primary Healthcare Reform has been adopted and the reform was officially launched in the first Semester of 2022.

A major part of this reform is the establishment of the "*institution of a personal doctor*". This entails the obligatory registration of the entire population to personal doctors (general practitioner or internist), who will be tasked to provide continuous and comprehensive care to the citizens with the goal of preventing diseases and promoting health. The reform also includes provisions for the development of mobile health units, home care with the provision of services and health care to citizens in their home.

Greece reports that by February, 2023, almost 54% of the eligible population has been registered under the new system. Efforts are also continuing to increase the number of doctors, enrolled in the new system, as the currently available personal doctors allow the coverage of approximately 73% of the Greek population.

The SPC welcomes the launch of the Primary Healthcare Reform, which is expected to strengthen the governance and improve the accessibility and efficiency of the Greek healthcare system. Greece is encouraged to continue with its efforts to enrol its citizens in the new system. The Committee also takes note that a sufficient numbers of physicians, or specialists with relevance to primary care are needed to ensure the proper functioning of the system. This should continue to be carefully monitored

c. Lithuania

2022 CSR # 3: Strengthen primary and preventive care

The high levels of avoidable hospital admissions, low life expectancy and high preventable mortality rates indicate a need to further strengthen primary and preventive care in Lithuania, as recommended by the 2022 CSR.

In an effort to address the identified challenges, Lithuania reports on several important measures, currently being implemented. These measures include: the creation of a network of public health institutions in municipalities; strengthening of the ambulance services capability; continued efforts in digitisation of health services; increased funding for primary and preventive care; launch of new health promotion and disease prevention programmes, as well as efforts to improve the affordability of pharmaceuticals. In addition, the Lithuanian Reform and Resilience plan envisages the development of a more efficient hospital network, but the implementation of this measure is to take place only in the coming years (2024-2026)

SPC views positively the actions taken by Lithuania in response to the country-specific recommendation and is of the opinion that addressing the identified challenges related to the health system will depend on the effective completion of the envisaged reforms. Lithuania is encouraged to continue with its efforts, including by ensuring appropriate funding and coordination at all governance levels.

d. Netherlands

2022 CSR # 3 Address labour and skills shortages, in particular in healthcare, […], including by tapping underutilised labour potential originating from the high share of part-time employment and the lower employment rate of people with a migrant background

Despite the generally good performance of the Dutch health system, the Netherlands is among the EU Member States experiencing medical personnel shortages.

The Member State acknowledges the existing staff shortages and expects and even further rise in the demand for health care. At the same time the Member State views as unsustainable a further substantial increase in the number of medical personnel. To confront the issue, Netherlands intends to focus on better work organization and increasing the efficiency of deployment of existing personnel. The Netherlands remains committed to ensure the involvement of various stakeholders in the process.

To that end, the Dutch government has developed the *Future-proof Labour Market Care & Welfare program* (in Dutch: *Toekomstbestendige Arbeidsmarkt Zorg en Welzijn).* The program was presented in 2022; it is expected to run until 2025 and consists of three programme lines: (1) stimulating innovative working methods and techniques, (2) creating sufficient scope for retaining employees, and (3) encouraging learning and development for the workers in the care and welfare sector. While no related legislation is planned, there are reforms foreseen to revise the assessment criteria of the basket of benefits offered by the healthcare system. These criteria inform decisions on which healthcare services to cover under social insurance.

The SPC takes note of the measures presented by the Netherlands and is of the opinion that those measures have the potential to alleviate the staffing shortages of the Dutch healthcare system. Further details may be needed to fully understand the expected impact of the planned measure. Policy initiatives beyond the programme duration might be needed to tackle the challenges in the long-run.

e. Poland

2022 CSR # 4: Improve the resilience, accessibility and effectiveness of the health system, including by providing sufficient resources to reverse the pyramid of care and accelerating the deployment of e-health

Poland's reported reform efforts have been focused on accelerating the deployment of e-health, as part of multiannual strategies and frameworks. The reported measures include: e-prescription, e-referral, reporting of medical events, exchange of electronic health records, Patient's Internet Account and e-Cabinet (e-Doctor's Office), which are applications that serve as a digital health gateway for health professionals. The state of implementation for the various measures varies, but some positive results are already visible, in particular with regards to improving the accessibility of healthcare to some sectors of society and with regards to increasing the efficiency, and decreasing the time spent by the medical professionals on administrative tasks.

The SPC acknowledges Poland's efforts to accelerate the deployment of e-health, but takes note that the provided information on measures addressing the rest of the CSR (including measures to improve the provision of primary care) is insufficient for a proper assessment, despite commitments reported during the presentation. Poland is therefore encouraged to consider further reforms to improve the resilience, accessibility and effectiveness of the health system.

4) Long-term Care

a. Austria

2022 CSR # 1: Ensure the adequacy and fiscal sustainability of the long-term care system.

Austria reported on a number of measures, aimed at facilitating the provision of adequate and fiscally sustainable long-term care in a context of ageing population.

In an effort to improve access to long-term care, *community nurses* have been designated as central contact persons, tasked with facilitating the interactions between people and care providers; coordinating various services; and playing a central role in prevention and health promotion. In addition, *The Hospice and Palliative Fund Act* is aimed at addressing regional differences in financial support through allowing grants to the Austrian regions (*Länder*) for the provision of affordable needs-based care through modular hospice and palliative care. To facilitate the provision of in-home care, the amount of care hours eligible for care benefit in cash has been increased for people with a severe mental disability (from 25 to 40 hours per month).

Austria reports on several measures of the 2022 long-term care reform, aimed at increasing the attractiveness of the long-term care profession, as well as nursing education and training and at improving the well-being of the carers and people in need of care. These include annual bonuses and increased counselling for certain informal carers, federal government support for the *Länder*, earmarked for pay increases of nursing staff and financial support for people undergoing training and education in nursing and care, measures to reduce mental and physical stress of nursing staff (ie. *Entlastungswoche*) and the introduction of a nursing grant..

The SPC is of the opinion that the presented measures have the potential to address certain important challenges in the Austrian long-term care system, mainly linked to access and adequacy of long-term care. As most of the measures have been in force for a short time, or some are yet to be implemented their effectiveness in addressing the described challenges will have to be evaluated in the coming period. The SPC also takes note that Austria does not report on any specific measures that address directly the issue of fiscal sustainability. While recognising that some of the reported measures could have a positive impact in this regard, the SPC highlights the importance of structural reforms to sustainably provide adequate long-term care.

b. Belgium

2022 CSR # 1: Prioritise reforms to improve the fiscal sustainability of long-term care, including by promoting a cost efficient use of the different care settings.

Belgium has a well-developed system of social protection for long-term care. At the same time, the country's regionalized governance structure is accompanied by large differences between Brussels-Capital, Flanders and Wallonia, which might be linked to specific regional context. Implementing the council recommendation on long-term care might support better coordination.Belgium is among the highest spenders in the EU on long-term care, with public spending in 2019 equal to 2.2% of GDP, projected to grow up to 3.1% of GDP by 2030. Certain evidence also suggests that parts of the country, namely Wallonia and Brussels-Capital, rely more heavily on residential care and less on other forms of care (such as home or community care). While the share of people over 65, living in residential or nursing facilities for elderly with low care dependency has been steadily declining for some time now, there might be space for reinforcing the cost-efficiency by focusing more on different care settings.

In an effort to address the requirement of the 2022 Country Specific Recommendation, Belgium reports on a range measures. In Flanders, a regulated framework for expenditure sets an expenditure growth standard that can be enforced by regulation. In 2022, Brussels-Capital adopted a new regulation, aimed at addressing the mismatch between the supply of and needs for residential care for older people by tackling the oversupply of unoccupied places. In both Brussels-Capital and Wallonia greater focus on ensuring better quality and alternative forms of accommodation for older people in nursing homes are reported, including through proposed investments in enhancing the transition from institutional to community-based care. Flanders and Wallonia are also rolling out some innovative solutions in the provision of digital care.

The SPC takes note of the number of on-going initiatives in Belgium, aimed at improving the quality of long-term care services and further support the transition from institutional to community-based care. While those measures have the potential to improve the long-term sustainability of the long-term care system, their impact on fiscal sustainability is yet to be established and will depend on successful implementation of the measures, which will have to be carefully monitored. At the same time, the SPC notes that addressing the labour shortages in the care sector might be especially relevant in ensuring the adequacy and fiscal sustainability of the LTC system. The SPC further notes the presence of regulatory frameworks that include a growth standard (in Flanders) or ensure better matching between demand and supply (in Brussels-Capital) as good practices.

c. Slovenia

2022 CSR # 1: **Ensure the long-term fiscal sustainability of the healthcare and long-term care systems.**

Driven by a declining share of the active population and rapidly rising share of ageing persons, expenditure on long-term care and healthcare in Slovenia has been increasing. In an effort to address the sustainability challenge, while also preserving and improving the quality and accessibility of its long-term and healthcare, Slovenia has been preparing a set of ambitious reforms.

In the area of l**ong-term care**, a new *Long-term Care Act*, establishing the legal basis for the start of the integrated provision of care services in Slovenia has been passed in 2021, but the start of its implementation has been postponed by one year until 2023. The preparation of an additional law, the *Long-term care Insurance Act* has also been initiated. The *Insurance act* is expected to enter into force by 30 June 2025 and should contribute to addressing the sustainability challenge by setting the amount of the contribution rate for long-term care and other related elements. Finally, in February 2023, the responsibility for long-term care has been transferred from the Ministry of Health to the newly created *Ministry of Solidarity-Based Future*, which set LTC reform as one of its top priorities.

In the area of **healthcare**, the Government adopted *the Intervention Act on Urgent Measures to Ensure the Stability of the Health System in July 2022*. The Act introduces measures with short term effect in order to facilitate adequate access to primary healthcare and decrease waiting times for healthcare services on the outpatient specialist level. In addition, with a view to increasing patient safety and improving the quality of the healthcare, a new *Strategy for the digitalisation of healthcare 2022-2027* was publicly introduced in 2023, as well as a draft *National Quality and Safety Strategy, expected to lead* adoption of the adoption of *Quality and Safety Act* by the end of March 2024.

Slovenia is also proceeding with the preparation of a *new Healthcare and Health Insurance Act,* which was first revealed in 2017, and is expected to enter into force by the end of 2024. The Act is expected to strengthen primary healthcare, initiate the transformation of the Health Insurance Institute of Slovenia and strengthen the long-term sustainable financing of healthcare (with the (possible) replacement of Complementary Health Insurance with alternative financial sources)

The SPC acknowledges the commitment of Slovenia to enact ambitious reforms which have the potential to improve the long-term fiscal sustainability of the Slovenian long-term care and healthcare systems. The SPC takes note of the delays in the implementation of the planned reforms and encourages Slovenia to take further steps to enact the planned measures and ensure their sustainable funding.

d. Estonia

2022 CSR # 1: Improve the affordability and quality of long-term care, in particular by ensuring its sustainable funding and integrating health and social services.

Estonia acknowledges the challenges in long-term care provision, identified in the 2022 Country Specific Recommendation and is taking steps to address them.

In an effort to improve the affordability and quality of long-term care, a new Care Reform will enter into force as of July 2023. The Reform is building on amendments to the *Social Welfare Act and Family Law Act*, which were approved in 2022. The amendments include introducing a definition of the concept of long-term care in legislation for the first time and provide guidance and definition for the respective roles of the central and local governments to ensure better service provision and support. Further amendments to reduce a person's co-payment for general care services and to regulate the financing of care costs from local governments will enter into force in July 2023.

In addition, a number of additional initiatives have been planned in the course of 2023. These include the establishment of minimum standards for domestic service (home care) and 24-hour general care service; launching a public consultation on a legislative intent for integrated care model (based on pilot projects, active since 2019); the completion of two important assessment tools to support the municipalities in assessing the needs of persons who need support, as well as measures to improve the availability and quality of services, including training of the LTC workforce, reducing regional disparities and empowering local municipalities. Additional work on policy actions to improve the well-being of informal carers, as well as to support local municipalities in social service provision are also foreseen.

The SPC acknowledges the intent of the Estonian government to reform its long-term care system and welcomes the steps taken so far. As the implementation of the proposed reform is at an early stage and since certain concrete actions, including in relation to strengthening the availability and quality of the services and to financing of the system, would still need to be elaborated, the SPC is of the opinion that Estonia should continue with its efforts to address the requirements of the CSR.