Council of the European Union

Brussels, 16 June 2025
(OR. en)

9595/25
ADD 3

SOC 329
EMPL 207
EDUC 189
ECOFIN 639

NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Assessment of the country-specific recommendations for 2025 and implementation of the country-specific recommendations for 2024: Opinion of the Employment Committee and the Social Protection Committee - *SPC multilateral implementation reviews 2025 - Country-specific conclusions*

With a view to the EPSCO Council on 19 June 2025, delegations will find attached: SPC multilateral implementation reviews 2025 - Country-specific conclusions.

SPC Multilateral Implementation Reviews in the 2025 Semester cycle: Country-specific conclusions
10-11 April
- final-

Contents

1) Workshop 1

a. Ireland

2024 CSR 1: Address the expected increase in age-related expenditure by making the healthcare system more cost-effective.

Recognizing the projected demographic trends and the challenges of sustainability, a number of reforms have been presented. The comprehensive approach adopted by Ireland is coherent, strategic and integrated, which is a strong evidence of Ireland's potential to ensure the financial sustainability of the health system without affecting patient care in the short and long term.

Ireland adopted the necessary strategic documents to support the country's drive to create the right conditions that will support people as they age to maintain and enhance their physical and mental health and well-being, including by creating more opportunities for them to participate in all aspects of cultural, economic and social life in their communities. Reforms to the health and social care systems are envisaged to ensure the provision of timely, high quality, person-centred, integrated care in the most appropriate environment for all those in need. These services are expected to contribute addressing the expected increase in costs associated with ageing population, as well as to the cost-effectiveness of the healthcare system. This approach includes individualized care planning for older people, through: (i) the implementation of a digitally supported assessment system, (ii) improvement of independence and quality of life through specialized mental health services, and (iii) application of a dementia model of care.

Relevant measures have been put in place by Ireland supporting decentralisation and the operationalisation of six "health regions", promoting primary care and outpatient services and the use of digital tools. The shift in health services from hospital settings to primary care is considered positive, but the long-term sustainability of the reforms will depend on the adaptability of the measures. This approach also requires advanced training of personnel, which should be taken into account in the population-based resource allocation model.

The SPC recognizes that adequate and relevant measures have been taken in decentralising governance and improving access to primary care services. These reforms create the necessary legal, financial and administrative framework for Ireland to address the specific aspects of ageing-related health requirements, dementia care, mental health protection, chronic disease management, as well as fiscal sustainability of the Irish health system. However, the full deployment of the integrated financial management system and of e-pharmacy systems across hospitals in Ireland still have to be reached. Measures need to be accompanied by adequate investment, revised funding and planning of the healthcare workforce.
Therefore, the SPC encourages Ireland to continue with its efforts to fully address the requirements of the Country Specific Recommendation.

b. Latvia

2024 CSR 1: "[…] strengthen the adequacy of healthcare and social protection.".

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

In the area of social protection, the 2023 minimum income (MI) reform is well acknowledged with its further revisited threshold in terms of adequacy, as well as action towards improving pension adequacy with efforts to move towards the introduction of a base pension, However, it is noted that such a pension reform is not simple, and that the introduction of a base pension is not expected until 2029. The reforms described tackle the need to raise low benefit levels but lacks description of tackling the underlying issues, such as low contributions for pensions. Despite some progress, the social protection system still fails to lift a considerable number of persons out of the risk of poverty or social exclusion and income inequality persists. Further work is necessary to increase the impact of social transfers and to ensure sufficient support for the successful implementation of the minimum social services basket reform at municipal level.

In the area of healthcare, the medium-term budgetary plans suggest that public spending on healthcare as share of GDP will decrease to 4.8% in 2025 and 4.1% in 2028, which is lower than the EU average and the national commitment to allocate 6% of GDP to healthcare by 2027, as per the Public Health Policy Guidelines 2021-2027. The additional funding is being directed into programmes and measures that may well have a positive impact on the quality and accessibility on healthcare services, including in digitalisation, but it is unclear if the current funding is sufficient. Latvia has adopted a health workforce strategy, to address persistent health workforce shortages and some additional budget was made available to increase the wages of medical staff, however no pay rises are foreseen for health professionals in the public sector in 2025.

The SPC acknowledges the efforts made by Latvia to address the 2024 Country Specific Recommendations. In particular, Latvia has shown some progress to strengthen social protection, including through the minimum income reform and increased benefit (including pensions) levels; however, further efforts are still needed to address the still persistently high levels of poverty and social exclusion – to increase the impact of social transfers and to ensure sufficient support for the successful implementation of the minimum social services basket reform. In the area of healthcare, while important measures and actions have been taken in the field of digitalization of the healthcare system, labour shortages persist, and insufficient funding does not guarantee a sustainable solution for adequate financing of the healthcare system. Additional efforts are necessary to address the challenges in the health care sector.

c. Austria

2024 CSR 1: Improve the fiscal sustainability of the healthcare system and 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 and to address the challenges on the sustainability of the health care system.

The allocation of over 1 billion euros annually for healthcare reforms (2024-2028) demonstrates strong political and financial commitment. The focus on digitization promotes a modern, cost-effective, and innovative care approach. However, while financial investments are substantial, healthcare workforce shortages remain a key challenge. It is unclear how Austria plans to recruit, train, and retain sufficient healthcare professionals, especially for the expanding PHCUs. While the number of hospital beds in Austria has been declining in recent years, their occupancy rate remains low suggesting room for a more efficient use of resources. Investments in primary healthcare units and the establishment of community nurses is considered a right step. However, inefficiencies stemming from the fragmentation of the financing and service provision in the health care system remain and the annual expenditure ceilings are not strictly binding.

In long term care, Austria has addressed adequacy by introducing measures that can be considered good practices at EU level. However, there is still a relatively high share of in-kind spending focusing on residential care, also rather incentivised by the abolishment of the asset-testing, and in the financial equalization scheme ("Finanzausgleich") for 2024-2028 the volume of the long-term care fund was significantly increased without binding expenditure ceilings. The continuation of home- and community-based care, including the "community nursing" project may contribute to a shift in service provision away from residential care. Another positive measure is the LTC Governance board, which is expected to improve coordination between the federal states and could help to spend finances more efficiently.

The SPC is of the opinion that Austria has initiated some measures and reforms to address challenges related to the long-term sustainability of its health system. While these efforts are certainly promising, their long-term effect remains to be seen. It will be crucial to ensure that the increased availability of primary and outpatient healthcare services will effectively contribute to lower needs for inpatient hospital care. In long term care, Austria has initiated some measures and reforms to address challenges related to the long-term sustainability. However, reforms to achieve lasting fiscal sustainability have only been introduced to some extent, thus further monitoring is needed.

d. Slovenia

2024 CSR 1: Ensure the fiscal sustainability of social protection….

Slovenia faces challenges driven by a declining share of the active population and rapidly rising share of ageing persons, thus expenditure on social protection has been increasing, thus has had longstanding CSRs in healthcare and long-term care, including, but not limited to financial sustainability aspects. Pension reforms have been accompanying the other policy development, addressing ageing society challenges.

The overall policy approach ***on health care*** *is comprehensive, addressing a wide range of challenges, including financial sustainability, accessibility, quality and safety, digitalisation, workforce shortages, and preventive measures. The adoption of key legislative amendments provides a strong legal framework to support the implementation of these measures. The 2024 mandatory contribution to the statutory health insurance is expected to increase the share of publicly funded health expenditure. Strengthening primary healthcare through additional practices, incentives for specialisation, and enhanced accessibility is crucial for improving overall healthcare delivery and reducing the burden on secondary and tertiary care.*

However, long-awaited reforms addressing financial concerns (diversification of revenues, adjustments to the statutory benefits basket) have not been decided yet. Some measures are being taken, but no robust solution is in place for sustainable financing for the health system in the medium to long term. The success of many reforms depends on the timely adoption and implementation of legislative changes. Despite efforts to address workforce shortages, attracting young doctors to specialise in family medicine remains a significant challenge. Implementing large-scale digital transformation projects can be complex and resource intensive. While the reforms aim to improve accessibility, addressing geographically uneven availability of healthcare services will require targeted efforts.

Concerning the ***pension and long-term*** *care, some of the proposed measures (e.g. increasing the retirement age) are broadly recognized as being efficient towards improving the long-term sustainability of pensions. As the Slovenian government just reached an agreement with the social partners on the pension legislation, it may impact on sustainability and adequacy. Based on current estimates, the financing of the long-term care system appears to be on track in the short and medium run, and clear progress has been achieved.*

The implementation of the reforms as well as the significant shortage of workforce in the care sector may increase, certainly in the short run financial demands for (both healthcare and) long-term care and it will therefore be crucial that all reform elements (i.e. quality, accessibility and long-term fiscal sustainability) are fully implemented, to ensure success.

The SPC acknowledges the commitment of Slovenia to enact ambitious reforms to ensure the fiscal sustainability of social protection. The efforts address the challenge(s) if put in practice as foreseen and the financing of the pension and long-term care systems appears to be on track in the short and medium run. While some measures are being taken, no robust solution is in place for sustainable financing for the health system in the medium to long term. The implementation of the reforms may result into higher financing needs for both healthcare and long-term care, and it will therefore be crucial that all elements of the reforms (i.e. quality, accessibility and long-term fiscal sustainability) are fully implemented.

e. Finland

2024 CSR 1: Pursue the reform of the social security system in order to increase the efficiency of the social benefits system, which would improve incentives to work and support the long-term sustainability of public finances.

CSR 3: Ensure that the reform of social and healthcare services improves access to and delivery of services and tackles inefficiencies.

*The Finnish government's overall approach to **social security reform** is relevant and aligned with the challenges identified in the policy recommendations. Work is ongoing for the two major legislative proposals - the reform of the basic social assistance and the introduction of a general social security benefit - and the estimated entry into force is 2026. The reform directly addresses key issues such as work incentives, the complexity of the social security system, and the sustainability of public finances.*

However, the adequacy of the response depends on the effectiveness of implementation and the ability of these measures to balance social protection with employment incentives. SPC took note of the government's impact assessments, yet continuous ex-post evaluations will be crucial to ensure that reforms achieve their intended outcomes and maintain an inclusive welfare system while ensuring financial sustainability, since income losses in the lowest income deciles are not necessarily offset by increases in employment, and the risk of poverty or social exclusion is estimated to increase, especially for children.

Finland's overall approach to addressing the recommendation on ***ensuring improved access and efficiency in health and social care*** *is well-targeted and comprehensive. The structural transfer of responsibilities to wellbeing services counties, along with the centralization of specialized care and the expansion of digital and mobile health services, constitutes a major reform aligned with the key challenges of rising costs, an aging population, and regional disparities. The efforts to tackle regional disparities and encourage the use of AI and digital tools to improve accessibility in rural areas seem adequate. Furthermore, the reform is supported by a robust multi-level governance framework that includes legislative, financial, and strategic instruments, as well as financial oversight mechanisms such as evaluation procedures and anticipatory steering. These provide a foundation for long-term sustainability and accountability.*

However, the fact that at least 11 counties may not meet the financial requirements of the reform by 2026 signals a significant implementation risk. Evaluation and steering procedures are in place while implementation of corrective actions should be ensured, for which a robust monitoring and evaluation framework, including key indicators, is crucial. A critical aspect of the reform is the emphasis on collaboration between social and healthcare services to enhance service delivery but also implement quick budget savings, which may lead to further access issues, especially for the counties in the most challenging situation. In Finland the centralisation of certain specialized hospital services has been discussed and, if the centralisation is realised, it may also increase travel distances for rural populations. Therefore, access and efficiency in healthcare in FI remains a challenge.

The SPC welcomes the steps taken and the significant efforts done so far. While the reported reforms will most likely contribute to the simplification of the social benefit system, the SPC concludes that future developments, both as regards the implementation of envisaged measures and the labour market situation, will need to be closely monitored, as it is too early to tell whether the presented reform will work as an incentive to increase employment, while not impacting negatively on poverty and social exclusion. The reform, improving access and efficiency in health and social care seems adequate, but due to large variation in county-level capacity and implementation pace, some financial sustainability concerns remain. Close attention should be paid to cost-cutting measures negatively effecting service quality or accessibility in certain areas.

2) Workshop 2

a. Netherlands

2024 CSR 1 SUBPART 6: Address the expected increase in age-related expenditure by making the long-term care system more cost-effective.

The efforts of the Netherlands in ensuring the operation of high-quality long-term care services and their accessibility for all those in need are well recognised. Close cooperation between the health and social sectors is a forward-looking process. It is also acknowledged that the provision of long-term care in a non-institutional setting is the most optimal both in terms of maintaining the quality of life for service users and for cost-effectiveness. In response to demographic changes and workforce shortages in long-term care, the Netherlands has planned measures to reduce the administrative burden of formal caregivers, to support informal caregivers, and to introduce innovative and digital solutions as well as preventive measures, with the aim of keeping service users in their homes.

The insurance-based long-term care system allows for the user's financial burden to be low. To tackle labour market shortages and rising financial costs, the Netherlands has prepared framework agreement regarding the care of the elderly and the transition from institutional (residential) care to non-institutional (community) care.

The fact that the Netherlands acknowledged the fiscal sustainability risks with respect to the long-term care system and is working on complementary initiatives and measures to tackle the challenges identified is welcome. However, since negotiations are still ongoing, and no further details can be provided at this stage, it is difficult to assess the level of progress made in effectively addressing the country specific challenges identified. The potential effects could be assessed later, as the process is ongoing.

The SPC takes note of the efforts of the Netherlands in addressing the expected increase in age-related expenditure by making the long-term care system more cost-effective. However, due to the early stage of ongoing negotiating process of the reforms, no clear assessment can be made yet. The committee encourages the Netherlands to continue its implementation, as the planned measures broadly address the challenges. Continuous monitoring and impact assessment of the initiatives would help ensuring that measures will tackle the identified challenges.

b. Belgium

2024 CSR 1: Address the expected increase in age-related expenditure, including by making the long-term care system more cost-effective.

Belgium has a well-developed system of social protection for long-term care. Its regionalized governance structure allows for differences in the way care is provided in the regions.

The committee takes note of the positive trends and numerous ongoing initiatives in Belgium aiming at improving the quality of long-term care services and thus addressing the CSR. Progress in the implementation of reforms is mixed. While some elements are already in place, others are still in the early stages. The engagement and involvement with multi-sectoral stakeholders across the regions should ensure future results, though the effect of all the initiatives will depend on the implementation, as well as cooperation among all stakeholders. Continuous monitoring and assessment of the measures will be needed to assess their impact on long-term fiscal sustainability.

Deinstitutionalisation as well as diversification of the offer of care settings deserve further attention. Moving away from institutional care is a key objective, including through alternative forms of care like personal assistance, increased community services and home care as well as support to informal carers. It should be recognised that high percentage of people living is residential care doesn't have a major effect on cost efficiency.

Achieving financial sustainability of the long-term care system will require the focus of all levels of government, the federal level to enhance the general health system and the regional levels to develop the qualitative offer of long-term care. Important to avoid the risk that the pace of reforms implementation in different regions will lead to uneven quality of services.

The SPC takes note of the positive trend and of 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, the effect of all the initiatives will depend on the implementation, as well as cooperation among all the stakeholders. the issue of fiscal sustainability should be addressed in a broad policy setting. continuous monitoring of the reforms is key to demonstrate these measures are in support of a fiscally sustainable and adequate long-term care system.

c. Czechia

2024 CSR 1: Take measures to ensure the long-term fiscal sustainability of the pension system."… "Improve incentives for people close to retirement to continue working.

Czechia, as is the case in other member states, faces rapid population ageing. The ageing society is about to bring significant additional public expenditure, a significant part of which on pensions. Czechia adopted a pension reform in 2024, providing for a gradual increase in the statutory retirement age and a gradual reduction in newly granted pensions between 2026 and 2036. The planned measures to improve the adequacy of pensions are noted, for example an increased minimum pension.

The standard ex-ante impact assessment revealed that in the long run, the reduction in pension expenditure is expected to be achieved through lower pension payments. While these pension reforms and policies in Czechia respond to the sustainability of the pension system, concerns as regards the adequacy of the pensions remain. The two pension reforms introduce strong disincentives to retire early, which should have significant impact on employment rates in the 60 – 64 age bracket. However, only few positive incentives have been introduced to encourage people close to retirement to remain on the labour market.

The SPC is of the opinion that the presented initiatives broadly address the CSR elements. Significant steps were taken to address the fiscal sustainability of the pensions system. Further efforts for incentivising people close to retirement to continue working and ensuring long term sustainability of adequate pensions are needed.

d. Portugal

2024 CSR 1: Take action to ensure the medium-term fiscal sustainability of the pension system.

As many European countries, Portugal is facing unfavourable demographic projections. The old-age dependency ratio in Portugal is projected to increase significantly in the coming decades, with major implications for the financial sustainability of the social security system. Despite the projected decline in the number of people of working age, the value of Social Security contributions is expected to grow. Still, this increase in contributions will not be sufficient to cover the increase in pension expenditure in the Social Security Contributory Regime.

The government initiative to create a commission for the sustainability of the social security system is essential for effectively addressing the projected demographic changes, thereby ensuring adequate protection for citizens in the long term. The creation of a working group to develop strategies for the future of the pension system is important to address existing shortcomings and assessing future responsibilities of the pension system. The foreseen actions incorporate supplementary pension schemes, partial retirement mechanisms to facilitate gradual transitions between work and retirement, and reassessing early retirement schemes.

Despite these efforts, progress remains limited, as no concrete measures have been implemented thus far. While acknowledging the aforementioned positive features, it is important that future efforts aimed at improving the financial sustainability of the Portuguese Pension System should not risk overlooking its long-term social sustainability, namely the system's future ability to provide adequate pensions and protect pensioners from a significant drop in income or the risk of poverty.

The SPC is of the opinion that Portugal has taken steps in addressing the CSR. Despite the efforts reported and the Government commitment, progress remains limited, as no concrete legislative measures have been implemented so far. Portugal is encouraged to act swiftly to guarantee the medium-term fiscal sustainability of the pension system and continue to monitor the situation closely.

e. Poland

2024 CSR 1: Improve the efficiency of public spending, including through better targeting of social benefits as well as more transparency in investment planning and wider use of standardised procedures for project assessment and selection.

CSR 1: Ensure the adequacy of future pension benefits and reinforce the sustainability of the pension system, including by taking measures on effective retirement age and reforming preferential pension schemes.

CSR 3: […] improving quality of and access to formal home- and community-based long-term care

The Polish ***benefit system*** *covers the main vulnerable groups and have both universal and means tested elements. All welfare programmes introduced in the last years are kept, and accompanied by new measures for active participation of both parents in the economic and social life after having been parents, facilitating the reconciliation social assistance subsidies with return to work after the interruption for childbearing.) .*

Concerning the ***pension system****, the presented reforms seem well-targeted and address key policy challenges, but their full effects will depend on implementation efficiency, funding sustainability, and responsiveness to demographic changes. Continuous monitoring and adjustments may be needed to maximize their impact. ·In 2024, Poland has not introduced any new measures to increase the retirement age and reform preferential pension schemes.*

*The Polish **long term care system** suffers from fragmentation between the health and social sectors, insufficient public funding, low coverage of both home-based and institutional care, and a heavy reliance on informal caregivers, particularly women. These issues are exacerbated by demographic changes, rapidly ageing population and increasing care needs. The state of implementation of Poland's LTC measures is in the early stages. While key actions have been initiated, the planned legislation and thus significant steps remain before full implementation, as the reported measures will have short-time effect rather than addressing systematic long-term challenges. The core issue that family caregivers play a significant role due to the shortage of services, remains.*

The SPC concludes that there is a scope to improve the efficiency of public spending by focusing the social programmes on lower-income and at-risk groups to avoid unnecessary spending. Targeted actions to improve the efficiency of public spending on social benefits, further efforts on the adequacy of future pension benefits in the implementation of the planned measures in long term care are essential to address systematic long-term challenges. The proposed reforms lack a strong structural approach in key areas, and some measures, particularly in long-term care, may face funding and implementation challenges.

f. Germany

2024 CSR 1: Enhance the fiscal space for productive spending including by reforming the financing side of the first pillar pension system.

Germany reports several past reforms that have been introduced since the 1990/ 2000s, involving i.e. a lower adjustment of pension levels and the gradual increase of the retirement age, from 65 to 67 by 2031. These reforms have affected the replacement ratio for pensions which is below the EU average. The overall measures to address the ageing population and the consequent financial impact on the pension system, are based on several interventions aimed at balancing financial sustainability and pension adequacy. Bearing in mind that pensions in Germany are financed on a pay-as-you-go basis, the reform packages appear to have acted in different directions, providing an adequate response to the policy objectives, which are aimed to ensure the sustainability of the pension system while also trying to maintain the stability of the contribution rate and a gradual increase of the statutory retirement age.

However, widespread early retirement puts pressure on the sustainability of the pension system. Altogether, more than half of new retirees enter retirement before the statutory retirement age, due to the existing pension rules. Germany´s pension rules include the option of retiring after 45 years of mandatory contributions without pension deductions, but the age limit of this early retirement scheme is gradually being increased up to 65 years (for those born 1964 or later). The other option of early-retirement from 63 years after 35 years of mandatory contributions, on the other hand, implies a life-long pension deduction of 0.3% for each month pensioners fall short of the statutory retirement age (thus gradually increasing to a maximum deduction of 14.4% according to the rise of the statutory age limit to 67 years by 2031). Also, a pension supplement of 0.5 % monthly as well as additional pension points offer an incentive to continue working after the statutory retirement age.

Some challenges related to the adequacy of pensions in Germany remain with increasing risk of poverty or social exclusion for people aged 65 or above, higher risks for women and territorial differences.

The SPC welcomes the efforts made by Germany to address challenges concerning the pension system. As the expected impacts are not yet fully visible, Germany is encouraged to continue with the introduced measures (reconfirmed by the new government), as they have the potential to impact, both on the revenue and expenditure side. With close monitoring, corrective actions can be identified and enacted to fully meet the expectations.