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The value of health: Investing in Europe's future

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INTRODUCTION

As negotiations on the next Multiannual Financial Framework (MFF) begin, European budgets face a turning point. Geopolitical and geoeconomic challenges are pushing the EU to prioritise security spending and competitiveness. While this is often framed as a necessary trade-off, improving the effectiveness and fiscal sustainability of EU healthcare systems can deliver much-needed economic growth and boost workforce productivity – including in the defence sector. Moreover, investing in healthier populations can generate significant savings by reducing treatment complexity, shortening hospital stays and lowering staffing needs.

The urgency of health system reform will only increase as Europe's working-age population shrinks and the burden of non-communicable diseases (NCDs) rises. Cardiovascular diseases remain the leading cause of death in the EU, accounting for over 1.7 million deaths and costing the economy up to €282 billion annually.¹ The burden of cancer, a condition closely linked to ageing, is also growing rapidly. Cancer is set to overtake cardiovascular conditions as the leading cause of death in the EU by 2035,² while globally new cases are projected to reach 35 million by 2050, a 77% increase from 2022.³

Amid rising uncertainty and geopolitical tension, healthcare must move back up the political agenda, as it did during the Covid-19 pandemic. It should be treated not as a cost, but as a strategic investment in Europe's future, with funding to match population needs.

Recent years have seen continued breakthroughs in disruptive technologies. One 2022 study found that up to two-thirds of life expectancy gains in high-income countries may be linked to pharmaceutical innovation.⁴ Realising the full potential of advanced therapies, however, demands a shift in policymaking mindsets, alongside structural reforms in healthcare system governance.⁵ This requires adopting an investment- and value-based approach – with new payment models, greater efficiency and stronger prevention strategies – and overcoming entrenched budgetary silos.

Based on an analysis of available evidence, this policy brief identifies levers for a more sustainable and integrated approach to EU health policy coordination. At its core are prevention and a more holistic vision of the value of health – for individual wellbeing, societal resilience and long-term fiscal sustainability.

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BACKGROUND

The EU health toolbox

Treating healthcare solely as a national competence fails to acknowledge the growing importance of EU-level health action. Beyond pharmaceutical standards and access rules – set to change shortly⁶ – the health *acquis* includes the right to cross-border care⁷ and coordination on research, innovation and digitalisation.⁸ Since the establishment of the Health Emergency Readiness Authority (HERA)⁹ in 2020 to improve crisis preparedness, calls increasingly frame health as a core component of EU economic security.¹⁰

This shift has been reflected in a series of recent initiatives. In December 2025, the European Commission launched the Safe Hearts Plan,¹¹ calling upon member states to strengthen prevention and health promotion and to tackle the socioeconomic determinants of cardiovascular health. At the same time, it presented the far-reaching Biotech Act aimed at boosting innovation across Europe's health and biotechnology sectors.¹² Other milestones include the European Health Data Space, the proposed Critical Medicines Act to improve access and prevent shortages,¹³ and the Strategy for European Life Sciences.¹⁴

EU economic governance increasingly recognises that healthcare investments contribute to long-term resilience. Under treaty and Stability and Growth Pact rules, EU fiscal surveillance coordinates national budgetary policies. Since 2011, the European Semester process oversees semestral or biannual reviews¹⁵ of member states' spending plans, through Country-Specific Recommendations (CSRs).

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Yet health remains weakly integrated in this framework. Despite the EU State of Health report reaffirming that prevention, investment and reform "bring economic prosperity"¹⁶ – and estimating that more than 725,000 deaths could have been prevented in 2022 – only three 2025 CSRs (Lithuania, Luxembourg and Slovakia) addressed prevention specifically. Absent binding provisions of health system reform,¹⁷ the European Semester's capacity to promote wellbeing and long-term sustainability remains limited.

The potential of prevention and innovation for EU health policy

Analysis of health budgets, reform efforts and investment case studies across the EU points to three recurring priorities: the importance of prevention, the role of innovation and the need to reduce waste.

Preventive care includes immunisation campaigns, screening for diseases such as cancer and public health measures that support healthier lifestyles. The economic case for prevention is compelling. A 2017 review of public health programmes in high-income countries estimated returns of up to a €14 in health and social value for every euro invested.¹⁸ In immunisation alone, adult vaccination could yield returns of up to 19 times the initial investment,¹⁹ with even higher returns in childhood vaccination. Yet, alarmingly, lagging rates of childhood vaccination are fuelling the resurgence of preventable diseases such as measles.²⁰

Screening campaigns offer similarly striking benefits. An RRF-funded programme examining 2.5 million Greek citizens in vulnerable age groups discovered 65,000 previously undiagnosed cancer and cardiovascular disease cases,²¹ potentially saving millions in future treatment costs. Despite such evidence that preventive care has the potential to match enhanced health and wellbeing with socio-economic and fiscal value, in 2023, EU member states allocated an average of only 3.7% of their healthcare budgets to prevention efforts. In nominal terms, the Netherlands invested over €300 per person, while Romania allocated just €12 – differences far greater than variation in GDP per capita would suggest.²² This figure has remained largely unchanged over the past 20 years, and translates to €140 per capita.

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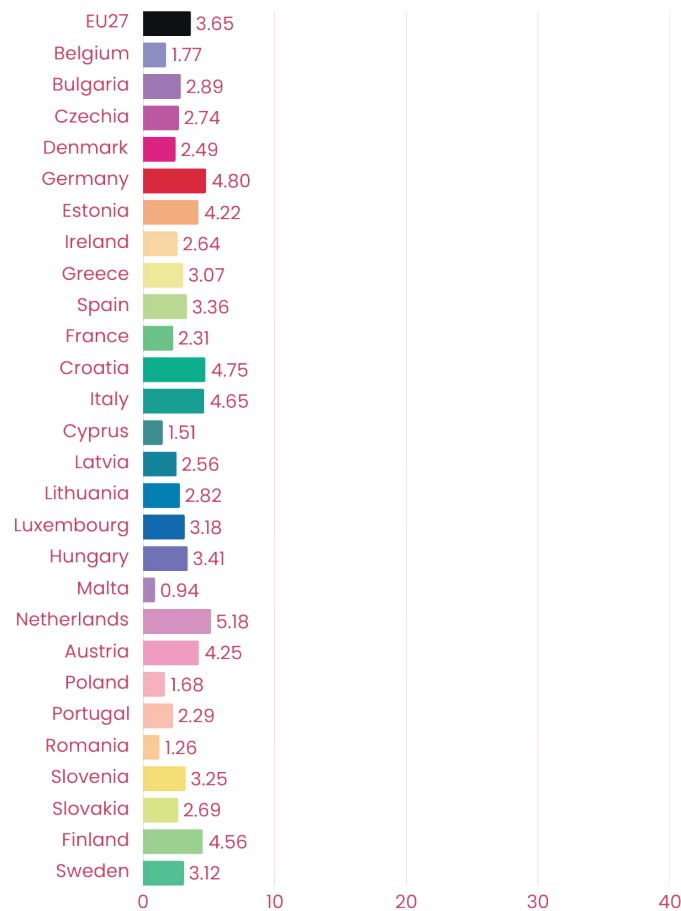
Innovation is the second critical pillar. New treatments, transformative therapies and advancements in digital health are reshaping patient outcomes and care delivery. Previously unfeasible approaches,²³ such as liquid biopsies, are emerging as clinically viable and potentially cost-saving tools.²⁴ In bladder cancer, for example care pathways are shifting away from bladder removal surgery towards immunotherapies and targeted treatments.²⁵ Faster recovery times and fewer complications translate into productivity gains and higher societal and economic returns.²⁶

Artificial Intelligence (AI) also drives progress, by accelerating drug discovery, helping clinicians plan patients' care – e.g. through deep learning analysis of CT scans – and streamlining hospital workflows, among other use-cases.²⁷ AI's real-world impact, however, hinges on health systems' capacity for its implementation. Here, differences in uptake among EU member states remain stark, reflecting unequal investment, digital capacity and institutional readiness.

Health Technology Assessment (HTA) is an essential tool for evaluating health innovations. By assessing value, effectiveness, safety and cost, HTA supports efficient resource allocation and informed policy choices. The new EU Regulation on Health Technology Assessment, which applies from early 2025, aims to ensure that innovative and effective health technologies reach patients across the EU. While it is too early to assess the reform's impact, its effective implementation could improve how the value of new drugs, devices or procedures is assessed in EU health systems.

Figure 1

PREVENTIVE CARE, PERCENTAGE OF TOTAL HEALTH EXPENDITURE



Source: Author's own elaboration, based on Eurostat data for 2023.

Mainstreaming prevention and accelerating innovation can improve outcomes and ease the strain on health budgets. Without reform, health spending across OECD countries is set to rise by 1.5% of GDP by 2045.²⁸ However, additional factors must be considered, such as efficient resource allocation. The OECD estimates that around one-fifth of health spending may be wasted²⁹ on unnecessary tests, treatment or worse – correcting prior mistakes – and that a substantial share of care is not evidence-based.

Addressing this requires a shift towards standardised outcomes-based models that reward innovation and patient experience rather than service volume. Tools such as the International Consortium for Health Outcomes Measurement (ICHOM) metrics can support this transition,³⁰ allowing health systems to collect and compare patient-reported outcomes across systems.

Finally, fragmentation also undermines efficiency. Silos within healthcare systems,³¹ such as inadequate communication between system functions and with

other policy domains such as labour or housing, limit impact, despite clear evidence that healthier populations support higher employment rates and productivity. The Covid-19 pandemic exposed how current accounting fails to capture the true costs and returns of health investment, reinforcing the case for a more comprehensive approach that tracks health-related expenditures and benefits across policy areas.

STATE OF PLAY

From rhetoric to progress

In today's geopolitical context, health has become a strategic sector. The EU is the world's largest exporter of pharmaceutical products by value, totalling €313 billion in 2024.³² These figures highlight the necessity that the EU reassess its health policies to secure sustained growth and societal resilience, transforming ambitious rhetoric into concrete action.

Progress, however, remains uneven and slow. Major disparities persist between EU member states.³³ Despite the strong economic returns and spillover effects of preventive care, investment levels diverge dramatically, as discussed in the previous section.

Cancer perhaps best illustrates the mismatch between burden and spending priorities. While accounting for 17% of Europe's disability-adjusted life years (DALYs)³⁴ and 23% of deaths,³⁵ the share of healthcare expenditure devoted to cancer has stagnated at roughly 7% since the 1990s – mirroring the flat share of healthcare spending by share of GDP overall.³⁶ This misalignment points to misguided priorities and avoidable suffering, as many patients still struggle to access treatment and prevention, particularly services such as cancer screening and vaccination, despite their high long-term investment value, particularly when deployed early.³⁷ This is increasingly concerning given that many cancers are now largely preventable or treatable.

Outcomes reflect this fragmentation. On a five-point scale, up to a third of the EU population now self-reports fair to poor health,³⁸ with uneven progress across the Union and a strong correlation to income. In 2023, health expenditure ranged from just 5.7% of GDP in Romania to 11.7% in Germany.³⁹

Breaking through budgetary silos among healthcare, social policy and other determinants of health will require stronger coordination at EU level, taking a page from the European Pillar of Social Rights.⁴⁰ Beyond funding, the prevention agenda should also cover efforts to improve patients' health and scientific literacy and encourage healthier habits. Efforts to tackle the spread of disinformation must be prioritised, given threats to progress on “everything from measles to polio”.⁴¹ In 2024, only two member states reached the 75% influenza vaccination target for at-risk groups,⁴² while EU-wide HPV immunisation stood at 64% in 2023 – 26 points short of the 2030 target.⁴³

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Scientific advancement in healthcare can take decades to move from breakthrough to bedside. Long-term public support for research and innovation (R&D) investments in new drugs and therapies will be crucial for improving health outcomes and ensuring European

prosperity. This is especially important for policymakers in a context of declining productivity from R&D investment across the sciences,⁴⁴ and growing evidence that public support for health innovation generates broad societal and economic returns.⁴⁵

Demographic concerns and paths to reform

Perhaps the greatest threat to healthcare budgets – as in other areas – is an ageing population.⁴⁶ As the number of seniors rises, the EU may lose over a million workers annually until 2050.⁴⁷ In a fiscal model built on labour, rising life expectancy and low birth rates threaten the tax base, just as demand for care is expected to rise. Compounding this issue, the healthcare sector is in crisis, particularly since the pandemic: despite more workers than ever before,⁴⁸ by 2030 healthcare shortages in the EU may reach 4.1 million.⁴⁹ The EU SANDEM model projects that doctor and nurse numbers must grow by 30% and 33% respectively by 2071 – assuming care demands remain constant at 2021 levels⁵⁰ – with some member states potentially needing to double their doctor recruitment rates.

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As such, investment in the health workforce, including training for new skills and improved labour conditions, are essential, to ensure patients see adequate care – as recognised by the European Commission's Union of Skills plan, a roadmap to improve education, training and talent pipelines in the changing labour market.⁵¹ Although digital solutions and AI-driven organisational efficiencies may reduce worker demand, a broader shift in care and spending decisions is needed to turn the fiscal capacity tide. Policies for healthy longevity should reach the forefront of EU policymaking, just as measures across healthcare, education, social care and migration must be coordinated to ensure adequate labour supply.

Improving equity in care outcomes and wellbeing across the bloc will thus require deeper integration with social policies, the new Economic Governance Framework and the Semester process. Budgetary assessments should consider long-term care needs, fostering National Recovery and Resilience Plan-like efforts to redirect spending from hospital beds towards primary and community care. The levers to strengthen EU economic competitiveness through innovation, build societal resilience and improve wellbeing – by treating health spending as an investment rather than a cost – are now more urgent than ever.

PROSPECTS

Building an EU Health Deal

Translating evidence into policy requires targeted reforms across EU fiscal governance, health system

organisation and financing mechanisms. The following recommendations provide a roadmap for embedding health as a strategic priority in EU economic policy, building on successful member state practices while addressing systemic gaps:

RECOMMENDATIONS

1. Mainstream health investment through reformed Country-Specific Recommendations (CSRs)

The European Semester must systematically improve integration of health system reforms into its fiscal coordination process. The Commission should develop a dedicated health performance scoreboard⁵² as part of the Social Convergence Framework, tracking investments, prevention spending, health workforce capacity, and equity across member states. CSRs should include targets for prevention and innovation investments as a share of total health expenditure, with countries below 5% receiving tailored recommendations. The economic governance framework's medium-term fiscal-structural plans offer an opportunity to recognise both prevention and innovation as a productive investment, similar to fiscal treatment of R&D spending, enabling member states to increase and re-allocate health budgets without penalty, in line with the overwhelming evidence on prevention's return on investment.

2. Establish EU-wide standards for outcomes-based Health Technology Assessment (HTA)

The Commission should further develop its guidance for joint clinical assessments and HTA to capture spillover effects beyond health systems – including currently underestimated gains in productivity, educational outcomes and reduced care costs. Further, to strengthen its effectiveness in assessing broader value frameworks, the Regulation on Health Technology Assessments should receive complementary guidance modelled on the Netherlands' 2024-revised guidelines,⁵³ which include quality of life and simplified cost-effectiveness signals. The Commission should encourage member states to pilot these frameworks, embedding a deliberative, patient-relevant assessment process that allows for flexibility where warranted and improves patients' access to innovative therapies.

3. Ring-fence health funding within the 2028–2034 MFF

The Competitiveness Fund's "Health, Biotechnology, Agriculture and the Bioeconomy" pillar risks diluting health's status as a strategic priority. Within this €22.6 billion cluster, the European Parliament and Council should establish a dedicated health sub-envelope, with at least €5 billion earmarked specifically for disease prevention, health system resilience and health equity. Additionally, the new Tobacco Excise Duty Own Resource (TEDOR),⁵⁴ projected to generate €11.2 billion annually in

avoided healthcare costs, should allocate a fixed share for prevention and health-promotion programmes, thereby establishing a sustainable funding mechanism directly linking taxes on health-harming products to prevention.

4. Break down budget silos through integrated health accounting

Current healthcare accounting obscures true costs and returns, as exposed by the Covid-19 pandemic.⁵⁵ Member states should adopt comprehensive health accounting frameworks tracking health-related expenditures across all ministries – including lost productivity, extra social-service needs, education and housing. To support states in reallocating budgets from emergency-centric treatment towards preventive care, Eurostat should implement a standardised methodology enabling annual tracking, particularly of immunisation spending, and transparent comparison of prevention investment against treatment costs.

5. Address healthcare workforce sustainability through strategic planning

The EU SANDEM model demonstrates that healthy ageing could significantly reduce workforce demand,⁵⁶ highlighting the dual benefits of preventive, early-intervention care in improving health outcomes and managing workforce pressures. The Commission should establish an EU Healthcare Workforce Observatory to coordinate long-term workforce planning across member states and develop targeted strategies for countries losing healthcare workers to migration, particularly in Eastern and Southern Europe.

6. Enhance accountability through transparent monitoring and evaluation

Patchy accountability mechanisms for healthcare spending decisions and inconsistency around how outcomes are measured perpetuate inefficiency. The Commission should require member states to justify spending decisions that deviate from evidence-based recommendations, particularly where healthcare budgets remain below the EU average. This transparency would enable identification and diffusion of best practices across health systems. Annual reporting through the European Semester would integrate health investment performance into broader economic policy coordination.

These reforms would reposition health from a cost driver into a strategic investment towards economic resilience and competitiveness. By embedding prevention, breaking down silos and strengthening transparency, the EU can build health systems capable of meeting demographic challenges, while supporting sustainable public finances and long-term economic growth.

The evidence is clear: every euro invested in health delivers manifold returns for society. The question is not whether Europe can afford to invest in health, but whether it can afford not to.

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