



SOCIAL PROTECTION COMMITTEE ANNUAL REPORT 2016

REVIEW OF THE SOCIAL PROTECTION PERFORMANCE MONITOR AND DEVELOPMENTS IN SOCIAL PROTECTION POLICIES

Annex 2. Detailed review of recent social policy reforms and initiatives (2015-2016)

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1. Recent reforms and policy initiatives in the area of social inclusion, poverty reduction and Roma inclusion

Table 1. Overview of policy reforms in the areas of social inclusion and poverty reduction (2015 – 2016)

Area of policy reforms		Member States
Poverty reduction and supporting people's entry into the labour market	Social assistance benefits and minimum income support schemes	BG, CY, EE, EL, FR, HR, IE, LU, NL, PL, PT, RO, SI, SK, UK
	Support for entry into employment and active labour market policies	AT, BE, BG, DE, DK, EE, HR, HU, IE, IT, LT, LV, MT, NL, PT
	Specific measures targeting groups at higher risk of poverty	BE, DK, HR, LV, NL, RO, SK
Investing in children	Preventing child poverty	BG, EE, FR, HU, IE, LT, NL, PL, PT, SE, SI, SK, UK
	Supporting employment for people living in households with dependent children	IE, NL, SI, UK
	Enabling access to child care	CZ, FI, HR, IE, LU, LV, MT, NL, RO, SK, UK
Combatting discrimination		BG
Homelessness/housing exclusion		ES, LU, PL

Improving the functioning of social protection systems and reducing poverty has been a continuous focus of the policy reforms adopted by a number of Member States. The 2016 National Reform Programmes (NRPs) show that the Member States are making efforts to address issues related to coverage and adequacy of social benefits and their link to activation. Some Member States increased the amount of income support or maintained it as a universal benefit, others have focused on unemployment benefits and social assistance and their better link to activation and on improved targeting and coverage for social transfers.

Member States are also making efforts to develop comprehensive databases on the recipients of social benefits and services as a way to improve monitoring and targeting. Conditionality has

generally been increased and availability for work has been more tightly enforced in many of the Member States concerned.

Several Member States took action to facilitate access to quality social services in order to reduce the risk of poverty or social exclusion. Some of them adopted measures to provide support for those furthest from the labour market in their reintegration into working life as well as ensuring social participation for those who cannot work. Many Member States focused their reform efforts on addressing child poverty and family benefits, aiming in particular at facilitating support to parents' access to the labour market, and enhancing preventive approaches through early intervention and increased support to families.

Providing integrated services tailored to individual needs increases the efficiency and effectiveness of spending. While some Member States already provide integrated services and 'one-stop-shops', others lack policy coordination at the national level, leading to fragmentation and inconsistencies in service provision.

1.1 Measures for reducing poverty and supporting people's entry into the labour market

In **AT**, on 1st January 2016 a partial-pension-model has been introduced in order to keep older persons longer in employment. Instead of claiming a corridor pension, employment relationships are transformed into part-time contracts until the employee reaches the legal retirement age. Weekly working hours are reduced by 40%-60% and partial wage compensation is granted. Pensions won't be subject to deductions.

BE is gradually reducing the employer's social security contributions.

In Flanders (**BE**), the government has proposed a Draft Decree beginning of 2016 which retains reduced employer social security contributions for low- and middle schooled workers below the age of 25 (subject to a wage ceiling), for workers above the age of 55 and for people with a disability.

In Wallonia (**BE**), government and social partners have reached agreement on an encompassing reform which refocuses the transferred employment incentive schemes on the activation of benefits of young and long-term unemployed and reduced social security contributions for older workers.

To strengthen the financial incentives to take up employment and to limit abuse, **BE** has reformed the insertion allowance for young job seekers.

BG is piloting Centres for Employment and Social Assistance, which is a new model of integrated social and employment services. **DE** has continued to develop the instruments of further training with the aim to facilitate the entrance to the labour market for long-term unemployed and low skilled workers.

In **DK**, modernisation of the unemployment benefit system was agreed in October 2015, following recommendations from an expert group which involved social partners. The reform makes the system more flexible and increases incentives for the unemployed to take up work, even if only for short periods.

In **DK** a political agreement was reached in November 2015 on lowering the benefits ceiling for social assistance recipients. A further make-work-pay related 'integration benefit' that halves social assistance levels for those who had not lived in Denmark for at least seven of the past eight years was introduced in September 2015. At the same time a monthly bonus of 1.500 DKK [201 €] for passing a Danish language exam (Dansk 2) was introduced for persons eligible to receive the integration benefit.

In **EE**, with a view to addressing the shortcomings of the previous inefficient and costly incapacity for work scheme, the Work Ability reform entered into force on 1 January 2016. Major innovations of the reform are: (a) a new procedure to assess ability to work; (b) a broader set of active labour market services to help people enter the labour market under the scheme, such as counselling, training, work-related rehabilitation and a travel-to-work allowance; (c) the division of rehabilitation services and technical aids between work-related and social purposes and (d) changes in the financial support scheme. **EE** has introduced the new Social Welfare Act in 2016. The Act establishes clear rule that the need for aid has to be assessed and appropriate care needs to be offered according to more detailed set of quality requirements to local government social welfare services. The implementation of the Act that improves the accessibility and quality of local government social services directly contributes to the success of Work Ability Reform. **EE** raised the unemployment allowance by 10% in 2016. The subsistence benefit scheme, paid according to the Social Welfare Act, topped up household income to EUR 90 for the first person in the household and for every child, and to EUR 72 for each additional adult household member in 2015. The subsistence level has been raised to EUR 130 from 1 January 2016. **EE** adopted the comprehensive Social Welfare Development Plan 2016-2023 in 2016. The Development Plan establishes the mid-term roadmap for the reforms in labour, social security and welfare, gender equality and equal opportunities policies by focusing on the prolongation of people's working life, support for independent living and coping as long as possible and to mitigate social risks.

HU introduced the so-called employment incentive bonus in 2016. This is a temporary in-cash benefit incentive aiming to motivate public workers to find a job in the private sector. The amount of the employment subsidy is the same as the monthly amount of the employment substitution support, people are entitled to the subsidy until public work was supposed to last without finding employment.¹

IE has planned an increase of the national minimum wage and complementary reforms to the Pay-Related Social Insurance.

¹ legal basis Decree No. 328/2015. (XI.10.) Korm (of the Government) on employment incentive bonus provided for public workers -http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1500328.KOR

EL submitted the National Strategy on Social Inclusion to the European Commission in June 2015. The Strategy lays the foundations for the promotion of policies to tackle poverty, social exclusion and discrimination. It also attempts to prioritize the required reforms in the social protection field and to introduce a common framework for the coordination the monitoring and the evaluation of all relevant interventions.

The Social Welfare Review (SWR) in **EL** which is currently running under the auspices of the World Bank, aims to assess the welfare programs and expenditures in Greece as well as to provide for a comprehensive inventory of social benefits and associated expenditure.

In **ES**, the mid-term evaluation of the National action plan of Social Inclusion released in November 2015 describes the contents of the plan itself and reports on the measures taken so far.

In **FR**, the law on social dialogue of August 2015 merged two wage support schemes (*'revenu de solidarité active activité'* and the *'prime pour l'emploi'*), into a single bonus (*'prime d'activité'*), accessible also to less than 25 years old, contrarily to the previous *'revenu de solidarité active activité'*. Merging the two wage support schemes as of 1 January 2016 aims at reinforcing the activation component of the new bonus and at increasing its take-up by the households at the bottom of the wage scale. The amount of the minimum income for non-working people (*'revenu de solidarité active socle'*) was raised by 2 % in real terms for the third time in September 2015.

In **HR**, the recent amendments to the Social Welfare Act increased the GMB for single persons not capable of work and for single parent households with children by 15 %. They also introduced a new benefit for 73 000 vulnerable energy consumers. In June 2015 the **HR** authorities completed a first comprehensive analytical review of the tax and benefits system. Moreover, **HR** has temporarily postponed the establishment of 127 'one-stop-shops' (OSS), which will serve as the single administrative point for the provision of social protection services to the end of March 2017.

IT's Jobs Act has extended the coverage and duration of previous unemployment insurance and revised the conditionality and activation modalities. Unemployment benefits are now more inclusive, have a broader coverage and last longer. The unemployment assistance scheme (ASDI), initially envisaged as temporary, has now been made permanent. The unemployment benefits and assistance are to be complemented by social inclusion assistance that would tackle poverty.

In 2016 the **IT** Stability Law sets aside resources for an anti-poverty measure, building on the Active Social Inclusion (SIA) scheme discontinued in 2015. Compared with this scheme, the key change is the withdrawal of the requirement to have been previously employed, which makes the new scheme complementary to the unemployment insurance (ASDI). The anti-poverty measure will be accompanied by a reinforcement of activation measures. The allocation of benefits is dependent on signing up for an 'active inclusion' contract.

In July 2015, **CY** amended the 2014 law on Minimum Guaranteed Income so that more people could apply for the scheme.

The draft **LT** Labour Code proposes to increase the duration of unemployment benefits to nine months (up from the current insurance-period-related duration in which only individuals with at least 35 years' experience were entitled to nine months of benefits).

In **LV** several legislative proposals have been elaborated and discussed in the 2nd reading in the Parliament to introduce additional stimuli to motivate the beneficiaries of social assistance to get a paid job (introduction gradual phase-out of social assistance benefits) and to provide more individualised support to long-term unemployed and increase their employability by developing more effective cooperation between the Social Integration State Agency and the State Employment Agency. New targeted activation measures for long-term unemployed, new support measure for unemployed with mental disabilities and measures to support social entrepreneurship were launched in November 2015.

In **LU**, the Government is working on a reform of the minimum guaranteed income scheme. The child allowances reform is implemented by the Act of 23 July 2016 and has come into force on August 1st 2016. A bill to reform the parental leave scheme was introduced in January 2016 to the Parliament. In **LU**, the government will introduce in September 2016 a new grant that facilitates the implementation of practical energy saving measures.

In order to improve the efficiency and effectiveness of social protection, **MT** is introducing several measures including the gradual tapering of benefits for those entering into employment as well as in-work benefits.

NL is pursuing a policy based on making work pay. A number of specific measures are being implemented including a number of significant tax reductions, such as the increase in the employed persons tax credit and the general tax credit. The child schemes reform act has entered into effect and in 2016 the income related combination credit was raised along with the child care benefit. The child budget and child benefit was raised for all households with children. In addition, the government took a number of measures to make it more attractive to hire personnel, including a social premium reduction for young people on benefits. A low income concession will also be implemented in 2017, helping employers with wage costs for employees with an income up to 120% of statutory minimum wage. Also, the budget for the Dutch unemployment service UWV will starting 2017 be structurally raised to 160 million euro to enable a more personal service provision. Finally, long term unemployment for people over the age of 50 is tackled together with social partners by way of the action program "perspectief voor 50plus".

In August 2015 **PL** introduced changes in the social work regulations. Additionally, procedure for awarding basic social benefits in emergency situations (such as disasters, random incidents, evacuation from the risk areas) was simplified.

A pilot project of the new model of the social assistance centre in **PL** is also conducted. It is funded from the ESF. At the first stage support is planned for 80 social assistance centres, eventually project will cover 200 social assistance centres. The main aim is to separate administrative tasks from the social work and social services. This should allow enhancing servicing of the clients and should put greater emphasis on the performance of social work and social services.

In January 2016 **PT** passed a decree-law increasing the reference value and changing the equivalence scale of the minimum income scheme back to the 2010 level so as to widen its coverage (percentage of the amount to be allocated to each adult increased from 50% to 70% of the RSI reference value, and to each minor from 30% to 50%). Later in March an extraordinary measure intended to support the long-term unemployed who are no longer receiving social unemployment benefit, initial or subsequent was created (Law No. 7-A/2016). It consists of the granting of a monthly amount equal to 80% of the last benefit that the beneficiary was receiving, over a period of 180 days and is subject to the fulfilment of certain conditions (means-test, elapsed time, etc.).

Regarding access to essential services, energy social tariffs have been extended (discounts include an Extraordinary Social Support to the Energy Consumer, a Social Tariff for Gas and a Social Tariff for Electricity) and it's being implemented an automatic assignment in order to improve coverage of vulnerable families. The **RO** government intends to develop integrated intervention teams for marginalised communities, subordinated to public social assistance service and a holistic package of anti-poverty measures mainly financed from EU funds.

The **RO** law on the minimum social inclusion income is expected to be adopted in 2016. It will streamline the existing social benefit system and make it more targeted to those in need.

At the beginning of this year, **SI** increased the basic minimum income amount increased, i.e. from EUR 270.40 to EUR 288.81, meaning that the amounts of social cash assistance and extraordinary social assistance as well as funeral and death grants, determined on the basis on the aforementioned amount, have also increased. The census for income support (for recipients of low pensions and unemployable persons) for a single person has also increased to EUR 470.76.

In **SK**, a lowering of social security contributions in 2015 has helped to contain labour costs and provided incentives for low-wage earners to work. In order to offset the impact on labour costs of the minimum wage rise in 2015, employers' health insurance contributions for low wage employees — the so-called health contribution allowance deduction (HCAD)— was introduced on 1 January 2015. HCAD applies also on employees' health contributions, so concurrently it increases the net wage of low-income employees..

In 2015 the **SK** government adopted the second social package, consisting of 15 measures intended to benefit low-income households. Among other things, it includes a reduction in the VAT rate on selected basic foodstuffs from 20 % to 10 % and subsidised school trips for pupils.

The **UK** reforms in the 2015 Summer Budget announcing GBP 12 bn (EUR 17 bn) of alterations largely consisted of freezing the working-age benefits rates until 2020 (GBP 4 bn); and a change to the subsidies provided to Local Authorities and Housing Associations (GBP 1.4 bn) for low-income housing, once the planned changes to the tax credit system were not implemented. Beginning in April 2016 the work allowances in Universal Credit were simplified from seven to two, ensuring that work allowances for the more vulnerable claimants remained, such as those with children or who have a limited capability to work. These changes were brought in as part of a wider package for working people, including the rise of the personal tax allowance, the introduction of the new

National Living Wage (a higher minimum wage for those over 25), the doubling of free childcare to 30 hours for three and four year olds, and introducing Tax Free Childcare from early 2017.

The **UK** 2015 Summer Budget also included a further modification in the total amount of income benefits that can be received per year ('Benefit Cap'). Compensatory measures are provided for via the introduction of the aforementioned National Living Wage.

1.2 Investing in children's welfare and in child care

In accordance with the recent reform in the field of family support and the legislative changes made in 2015, the amounts of some family allowances in **BG** were increased in 2016 (the monthly allowance for families with one child and for families with three children, as well as the one-time allowance upon birth of third child). The income criterion has also been increased from July, 1 2016, which allows more families to receive family allowances in 2016. A new allowance – a one-time allowance for adoption of a child was introduced. Another new aspect is that since 2016 the amount of the monthly allowance for raising a child until graduation from high school, but not after the age of 20, has been determined by the total number of the children in the family. In the context of the current child-care reform the draft of the updated Action plan for implementation of the National Strategy "Vision for deinstitutionalization of children in the Republic of Bulgaria" is currently being a subject of public discussions with all stakeholders. The main objective of the Plan is finalizing the process of deinstitutionalization of childcare.

The **CZ** Ministry of Labour and Social Affairs has presented a pilot project, to start in early 2016, to support 'mini-nurseries' (i.e. groups of up to four children of six months to four years of age) to be opened by municipalities or non-governmental organisations in the three regions with highest demand (Prague, Central Bohemia and South Moravia). In October 2015, the Fund for the Development of the Capacities of Kindergartens and Primary Schools, set up by the Ministry of Education, Youth and Sports, announced the next in the series of calls for projects to increase and modernise the capacities of pre-school and primary school education in 2016,

EE raised the universal child allowance and the needs-based family benefit in 2015 and 2016, and further gradual increases in the universal child allowance have been decided for the coming years. . In 2016 parliament adopted new Family Benefits Act which, among other amendments, establishes so-called maintenance fund. Maintenance support is a family benefit paid by the state when a parent does not fulfil its maintenance obligation towards the child, the benefit is 100 euros per month per child and paid until the child reaches the age of 18 or 21 if studying. The maintenance support enters into force on the 1st of January 2017. In 2017 also new benefit will be introduced for large families – 200 euros per month will be paid for families with 3 to 6 children and 370 euros per month for families with 7 or more children.

FI renewed its legislation regarding the provision and targets of early childhood education and child care in 2015. There is a reinforced focus on the pedagogic approach and educational aspects of child care.

The **HU** government decided in September 2015 to extend the conditions for children being eligible for free catering in kindergartens and day-nurseries, making only the wealthiest families to pay for child catering.

IE announced in the 2016 budget further reforms to the Family Income Supplement to increase the number of eligible families by around 2,000. The One Parent Family Payment (OPF) has also been gradually reformed over recent years with the largest change occurring in July 2015 resulting in a further 30,000 OPF recipients being transitioned to a Jobseeker's payment. The 2016 budget also announced that the universal child benefit payment would increase by a further EUR 5 to EUR 140 per month per child.

The **IE** 2016 budget presented plans for the development of a single Affordable Childcare Programme providing a new simplified childcare subsidy programme to be in place in 2017. The 2016 budget also announced new funding for childcare amounting to EUR 85 million and increasing the total funding for childcare by a third.

In order to improve the quality of child care provision, **IE** has announced a range of specific quality raising measures including a regular audit of quality, a fund for professionalization of carers and expansion of the Learner Fund, increased funding for mentoring and the inspection system and the regulation and support of child-minding.

The **FR** government has taken measures to improve the cost efficiency of the family policy with the introduction of means testing for family benefits, a modulation which will produce EUR 800 million savings each year.

In **LT**, new laws adopted in 2016 will increase social guarantees for parents raising children. Students and pupils will be entitled to child care benefits.

The **LV** government will stop financing the childcare vouchers scheme as of May 2016, passing the responsibility to local government.

In **LU**, a partly free access (20 hours of free access/week) to early childhood education and care is foreseen from October 2017 with a particular focus on the development of language skills for children from 1 to 4 years.

MT recently increased expenditure for child care and education.

In **NL** Children's poverty has been high on the government's agenda from the onset. Recently, the Dutch government has announced that policies on children's poverty will be intensified. On top of the structural €100 million which the government annually invests in tackling poverty and debt, as of 2017 an extra € 100 million will be invested on a structural basis specifically to combat social exclusion of children in poverty. To make sure these resources reach the children in need, the resources will be provided in kind. For example in the form of membership at a sports club, school equipment or swimming lessons, so that all children can participate disregard the financial situation of the family they grow up in. Secondly, the government requested both the SER (The Social and Economic Council) and the Children's Ombudsman to conduct research on how to improve

policies to reduce child poverty from respectively an institutional approach and child's perspective. A third recent measure is to prolong the subsidy scheme aimed at preventing and combating poverty and debt for another two years and by setting preferential criteria for projects aimed at several specific groups, among which children and youth. The fourth measure is about continuing to provide families with children two forms of income support. A General Child Benefit for all children which is granted independent of the income of the parents and a child-related allowance depending on the income of the family (Act on Child-related Allowance). In 2016 both mentioned family benefits have been raised in order to increase the support for families with children, especially families with a low to mid-high income.

In **PL**, the child benefit system has been reformed. In 2015, the child tax credit in the personal income tax was modified. In 2016, new rules determining the amount of family benefits (*złotówka za złotówkę* programme) entered into force and the eligibility to parental pay benefits was extended.

PL is currently introducing the so-called 500+ PLN programme, a monthly child allowance of PLN 500 for every child, with means-testing applying for the first child. The reform will be implemented from the second quarter of 2016 and goes on top of existing benefits.

In January 2016, **PT** passed a decree that increased progressively child benefits by between 2% and 3.5% according to the three income brackets. It also included a specific increase from 20% to 35% for single parent households as provided by (Decree-Law no. 2/2016. Besides, in June 2016, following the approval of the new state budget child benefits of the 2nd and 3rd income brackets were additionally updated by 0,5% and the supplement to child benefit for disabled children by 3%.

The **RO** authorities are developing a deinstitutionalisation plan to run from 2016 to 2020. This is expected to cover the closure of classic residential centres and the development of community-based prevention and support services.

SI has reinstated full child allowance for families categorised in the fifth and sixth income classes will be entitled to full child benefit. Therefore, 97,000 families will receive a higher child benefit. Furthermore, more than 3,200 beneficiaries will receive state scholarships, since a part of the fifth income class of state scholarship has been reinstated. The amount of breakfast and lunch subsidy has also been modified and the administrative procedure for obtaining this right has been simplified. The lunch subsidy for primary school pupils has been extended to pupils from families in the first income class and to pupils from families in the second and third income classes. Despite fiscal restrictions, we have provided a total exceeding EUR 33 million of additional funds for improving the situation of families.

In **SK**, the number of childcare places for children under three (9,300 places) will be increased by 1 800 new places by 2020 and the capacity for children above three will be expanded by 5 000 places in 2016. Moreover, the recent increase in childcare benefits (from EUR 230 to 280 per month) and the simplification of how to claim them can further help to improve access to

childcare. . From 1 January 2016, the maternity benefit increased from the original 65 % of the daily assessment base to 70 %.

The **SE** government has proposed reinstating the full child allowance for certain income groups and increasing the minimum income. Lower benefits for big families and for childbirth and a reduced level of parental allowance will continue to be applied. In July 2015 the Act on the Conditions for the Implementation of Debt Relief was adopted.

UK reforms alter the measurement of child poverty targets. This includes a new emphasis in the 2016 Welfare Reform and Work Act on moving away from targets associated with relative family income. This is to be replaced with a new focus on rates of worklessness, educational attainment and other measures to be outlined in the forthcoming Life Chances strategy.

In the **UK**, significant extensions to free childcare have been announced for 2017. Those in receipt of tax credits are entitled to up to 70 % of childcare costs. From April 2016, under Universal Credit, childcare costs element has been increased to a maximum of 85 % of costs for certain households. Furthermore, free childcare provision may be extended for working parents.

The **UK** has recently reformed its maternity leave system, to allow for a better balance between work and family life.

1.3 Measures to combat discrimination

BG recently approved the new Strategy for Educational Integration of Children from Ethnic Minorities (2015-2020) and the corresponding action plan.

EE adopted the development and action plan in the areas of social security, inclusion and equal opportunities for the years 2016-2023. The objectives for non-discrimination policy include ensuring effective legal protection on all grounds of discrimination, raising awareness among different relevant target groups and non-discrimination mainstreaming on national level. EE is amending the Equal Treatment Act due to the adoption of the directive 2014/54/EU. The amendment specifically lists „citizenship“ as a protected ground in the law, that also allows the the Gender Equality and Equal Treatment Commissioner to act as a national body to provide support and legal assistance to EU migrant workers with the enforcement of their freedom of movement. EE is in the process of amending the Equal Treatment Act to widens the scope of protection equally to all grounds of discrimination covered by the EU directives 2000/43/EC and 2000/78/EC that will allow the Gender Equality and Equal Treatment Commissioner to monitor the compliance of the law in all aspects of access to employment, education, social protection and distribution of goods and services. With the same amendment the Gender Equality and Equal Treatment Commissioner will be officially designated to fulfil the duties of the independent monitoring mechanism under the UN CRPD.

1.4 Homelessness and housing exclusion

The **ES** authorities adopted the Comprehensive National Strategy for Homelessness 2015-20, to tackle the social consequences of evictions.

In LU, the Government introduced a housing assistance in January 2016. This grant is intended to help economically vulnerable households to rent decent housing and to counteract inequalities by reducing the burden of the monthly rental payment.

Furthermore, LU is conducting a mid-term assessment of the implementation of the national strategy against homelessness from July 2016 to March 2017.

In August 2015 PL introduced amendments related to granting shelter for homeless by the commune. The reform extended catalogue of support centres, simplified the procedure for granting aid in the form of temporary shelter and set the terms and conditions of the support.

1.5 Conclusions

Despite the gradual economic recovery, almost a quarter of the European population today are at risk of poverty or social exclusion, signalling the need for more responsive social protection systems. The increasing numbers also reflect how current policies are failing to deliver on the Europe 2020 target of reducing poverty by 20 million by 2020. In many countries, the crisis, and the accompanying rise in unemployment, intensified the long-term trends of wage polarisation and labour market segmentation, which together with less redistributive tax and benefit systems have fuelled such negative developments.

Young people and children have been particularly affected by the crisis, and adverse living conditions of children has negative impacts on their cognitive and social development, and in turn, their future employability and social outcomes.

In parallel to these negative social developments, the sustainability and adequacy of Member States' social protection systems have come under strain, notably due to demographic ageing and the impact of the economic and financial crisis, which have jeopardised the solidity of the financing base for social protection while increasing demand for some benefits and services.

Some Member States have undertaken reforms in recent years to enhance the sustainability and/or cost-effectiveness of their social protection systems, but in some cases these efforts have led to adverse effects in terms of the adequacy and coverage of these arrangements.

The effectiveness of social protection in mitigating inequalities by protecting those at the bottom of the income distribution could be greatly improved in some Member States, including through improving the adequacy of income support.

Improved coordination of social policies at EU level will be essential to achieve comprehensive coordination of all public policies mobilised to reach Europe 2020 targets and to spur investment in human capital.

However, social protection policies alone cannot achieve the necessary reductions in poverty and social exclusion. This objective must also be underpinned by other public policies including in the economic, employment, taxation and education areas.

Therefore there is a need for improving the coordination of economic, fiscal, employment and social policies in full respect of subsidiarity.

2. Recent reforms to achieve adequate and sustainable pensions

Reforming pension systems has consistently been an important element of the structural reforms agenda for several Member States. Most of those reforms aimed at promoting longer working lives in line with the growing life expectancy, while some have focused on such aspects as equalising the pension age for men and women or developing supplementary savings.

The 2016 National Reform Programmes show that the majority of Member States are making progress in addressing their challenges. Given the complexity of pension reforms and the involvement of social partners in the negotiation process, reforms are more often being implemented in the context of a multiannual cycle.

Increasing the retirement age is a priority for the majority of Member States. At present, 26 out of 28 Member States have adopted provisions for increasing the statutory retirement age, including 9 who have directly linked future increases to changes in life expectancy. Two Member States were recommended to bring forward or adopt harmonised pensionable ages for men and women. Moreover, 4 Member States were called to link pensionable age with changes in life expectancy and, in one case, to close the gap between statutory and effective retirement age.

Many Member States have also taken steps to limit early retirement pathways, increase incentives for later retirement and revise benefit calculation. In this context, a number of Member States are in the process of reviewing access to disability pensions and reforming work incapacity schemes in order to facilitate labour market participation and the accumulation of pension rights. Others focus on increases to minimum pension benefits as a way to strengthen the social protection to those most in need.

To ensure the success of these reforms, complementary measures are still necessary to maintain incomes after retirement, such as extending working lives and providing opportunities and incentives to get additional retirement incomes through complementary pension savings. Some Member States are combining measures to reform their pensions systems with initiatives in the labour market aimed at improving the employability of older workers, while others are developing broader active ageing strategies.

The reform strand where least progress has been made is the development of supplementary retirement savings. Only a few Member States have taken significant steps to improve the coverage and quality of supplementary pensions. Last year, two Member States took action to adjust their complementary pension schemes, while one Member State continued with efforts to align the special pension schemes for some professions with those for other workers.

Recent reforms have significantly contributed to bringing the cost of ageing under control so that public pension expenditure projections for EU 28 for 2060 are not higher than the pension expenditure in 2013. Many MS are expected to lower pension costs, but several MS are still increasing spending. Nonetheless, the long-term sustainability of the pensions systems cannot stem only from reforms aimed at curbing future spending trends; it is also essential to balance sustainability with adequacy concerns and to ensure that women and men have adequate incomes in old age.

Table 2. Overview of policy reforms in the area of pensions (2015 – 2016)

Area of policy reforms		Member States
Changes in early retirement options	Stricter requirements	BE, FI, FR
	Extended access	LU, LV
	Awareness-raising	FI, HR, PT, SI
Changes in retirement age	Increase	BE, BG, FI, NL
	Link with changes in life expectancy	FI, LT, NL
Changes to the duration of contributory periods and contribution rates	Increase in contribution rate	BG
	Increase in contributory period	BG, MT
Calculation of pensions and pension indexation	New indexation mechanism	CZ, LT, LV
	Return to full indexation	PT
	Freeze of indexation	FI
	Universal pension	UK
Changes to minimum pensions	Improving adequacy and coverage	MT, SK
Disability-related pensions	Improving access to labour market and working conditions for people with disabilities	LU, RO
	Stricter criteria	BG
Promoting affordability and security of private pensions funds	Improving access	CZ, LU
	Changes in financing	LT

2.1 Access to early retirement options

BE increased the minimum age and contribution period entitling workers to take early retirement. In addition, the early retirement service credit was phased out from 2015 in the public sector, and the minimum entry age for company allowance schemes increased from 60 to 62 years.

The recent **FR** *bonus-malus* scheme introduced by the October 2015 Agirc-Arrco agreement will be applicable from 2019 and will encourage workers to postpone retirement. This measure implies that from 2019 onwards a worker who has completed his/her contribution period (one cannot retire at full rate unless this contribution period is completed or when the age of 67 is reached) can retire at the age of 62 with a penalty of 10% for 3 years or retire at the age of 63 and receive full complementary pension.

During 2015 a number of awareness-raising campaigns took place in **HR** to explain the financial implications of early retirement for future pensions, raise the low level of public literacy on pensions (95) and stimulate voluntary savings.

LV extended early retirement rights for some professions. The early retirement schemes were extended to ambulance medical and driving staff and some professions related to state security. Legislative proposals concerning the early retirement of teachers in specialised schools, pre-schools and sports teachers have been submitted to Parliament.

A **LU** 2015 government bill aims at suppressing the '*retraites de solidarité*', a special scheme allowing people to retire from age 57. However, this is compensated by an easing of restrictions on other kinds of early retirement schemes, such as the 'shift worker', 'night worker' and 'gradual retirement' schemes.

In **PT** a Decree-Law was approved in March according to which, the granting of the early pension depends on prior information to the beneficiary by the managing body of the pensions scheme, the amount of pension benefits and the subsequent express manifestation of the beneficiary will in maintaining the decision to take early pension.

SI issued a White Paper on Pensions in April 2016. It presents the current pension and disability insurance system and the challenges in the field of pension and disability insurance, as well as those faced by society, and at the same time it proposes possible ways to enforce changes in the pension system. The **SI** government also passed an amendment in December 2015, regulating the so-called dual status of insured persons wherein all persons who meet the conditions for obtaining the right to an early or old-age pension have the opportunity to enforce the payment of 20% of an early retirement or old-age pension. The objective is to encourage all insured people to persist in permanent employment, as well as those who are 65 years old and who meet the conditions for old-age or early retirement. In this way they will remain active and receive 20% of their pension.

2.2 Pensionable age

BE has enacted a rise in the pensionable age from 65 to 66 in 2025 and to 67 in 2030.

BG increased the pensionable age to 65 years for men by 2029 and for women by 2037.

A **CZ** draft law on the pensionable age and the time spent in retirement is in preparation and planned to enter into force in 2018 at the latest. Currently two revisions to the current system are under discussion. The first concerns a cap at 65 years for the statutory retirement age. Second, the Expert Committee on Pension Reform has proposed a regular review mechanism for the pensionable age, starting no later than 2019.

The **FI** pension reform will link the pension age to life expectancy and aims to encourage longer working careers. The reform aims to lengthen working careers through a combination of restricted access to early pensions, stronger financial (dis-)incentives and awareness-raising measures. The lowest pension age will be gradually increased from 63 to 65 years.

A **LT** legislative proposal on a new social model envisages linking the pensionable age with life expectancy after 2026.

In **NL**, the official statutory retirement age is gradually being increased to 67 in 2021 and will be linked to life expectancy thereafter.

2.3 Changes to the duration of contributory periods and contribution rates

In **BG**, a recent pension reform has increased social contributions by 2 percentage points (by 2018). Moreover, as of 1 January 2016, the State will no longer participate as a 'third insurer' (12 % State contribution) but it will continue to intervene after the fact to cover any deficit in the system. The required contribution periods were also raised to 37 years for women and 40 years for men.

The **MT** government is seeking to improve the balance between the years spent in work and those in retirement by extending the number of required contribution years from 40 to 41. In effect, this would require individuals to work one more year in order to get the full pension, and otherwise proportionally reduce the generosity of pension benefits.

2.4 Calculation of pensions and pension indexation

In February 2016, **CZ** pensioners received an additional top-up of CZK 1,200, with an estimated budgetary impact of CZK 3.5 billion (0.1 % of GDP). Furthermore, the proposal to legislate a leeway for the government to adjust the indexation mechanism more flexibly in the future was adopted by the government in February 2016.

In **ES** it has been approved the **Integrated Plan on Family Support 2015-2017**. The plan provides for an increase of the pension rights in a 5% for women with two children, in a 10% for those with three children and with four or more children, in a 15%. The application of an additional percentage is intended to recognize the demographic contribution that women do to the social security system, combining their careers with motherhood, given the importance of births for the sustainability of the pension system in the future. This measure, which is applied to those pensions caused from January 2016, will also contribute to close the gender gap in pension amounts

A **LT** legislative proposal on a new social model envisages introducing pension indexation rules that both take economic and demographic indicators into account. The proposal also introduces a pension points system and a social contribution ceiling. Other instruments in the pension reform (increasing the retirement age, increasing the requirements of necessary work experience, decreasing the periods for receiving early retirement pensions) contributes to reduce pension costs.

In **LV** to mitigate an impact of crises pensions granted in the period 2009-2015 will be revised upwards. The application of a higher index in the pension indexation, i.e. by considering the consumer price index and 50 % of the percentage of the actual increase in the social insurance contribution wage, will be implemented in 2017.

In **LU**, the supervision and assessment of the financial position of the pension system has been brought forward by one year to 2016, instead of 2017. On the basis of these results, the government could discuss with the social partners the implementation of other measures necessary for financial consolidation.

At the end of 2015 the **PT** government decided to unfreeze the automatic indexation of social benefits to real GDP growth and inflation, with immediate impact on medium-low pensions (below EUR 629 a month), as well as to reinstate the reference value of the elderly solidarity supplement (ESS) that had been reduced from EUR 5,022 per year to EUR 4,909 in 2013. Given the effectiveness of this social benefit to the adequacy of pensions, it was also decided within the context of the state budget approval to raise again the reference value of the ESS to EUR 5059 per year (or EUR 421.08 a month).

The **FI** government is allowing consumer-price inflation indexed transfers to decrease in 2016 in line with deflation in 2015. It has also decided to freeze the pension index in subsequent years. These measures aim at curbing the increase in public debt and improving the long-term sustainability of public finances.

In **MT**, further care credits will be introduced, including for periods spent caring for children, which is expected to help improve pension coverage for women who often do not build up sufficient contributions because of breaks in their careers due to care for children. Credits will also be introduced for periods of education, with greater credits awarded for greater levels of educational attainment, in order to encourage human capital formation.

In the **UK**, the introduction of a more robust universal pension from 2016 will benefit women and contribute to a reduction of the gender pension gap.

2.5 Changes to minimum pensions

The **MT** authorities plan to put forward measures to raise the adequacy of pensions. The contributory guaranteed national minimum pension continues to evolve in 2016 with a view to reach 60% of the median income by 2020 and to extend the coverage. Moreover, the level of the non-contributory means-tested 'old-age' pension is also set to increase.

In **SK**, a minimum pension benefit, granted to 55,530 pension beneficiaries, entered into force as of 1 July 2015. It can help to improve the adequacy of pensions, mainly for low wage earners who were employed for more than 30 years.

2.6 Disability-related pensions

BG strengthened the eligibility criteria for invalidity pensions in terms of medical checks.

In **LU**, the draft law on the reclassification of workers with working disabilities has been adopted in July 2015 and implemented since 1 January 2016. The law increased the possibilities to remain in the labour market for workers with working disabilities and consequently imply a reduction in the number of people entering an early retirement scheme.

In January 2016 the **RO** law establishing the mechanisms of the convention on the rights of people with disabilities was adopted.

2.7 Promoting the affordability and security of funded and private pension schemes

A recent **CZ** reform of the private pension pillar aims at increasing its attractiveness to savers and raising private retirement savings. The main features of the reform include an expansion of tax allowances both for employees and employers, an income tax exemption on pension benefits that are paid out over more than 10 years, and the removal of age limits, where the aim is to allow parents to save on behalf of their children.

A **LT** legislative proposal on a new social model envisages changes in the way the basic part of the pension (the first pillar) is financed.

The **LU** government announced plans to extend supplementary pensions via a change to the law of 8 June 1999 regulating supplementary pension schemes, to self-employed professionals and independent workers, as well as to some categories of employees not affiliated with a company retirement scheme.

2.8 Measures to increase labour market participation of older workers

In **BE**, employment demand for older workers will be supported by means of reduced social security contributions, the importance of which increases with age.

In **BG** with a view to improve the access to employment of older people, changes in the national programme "Support for retirement" have been introduced. Since the beginning of 2016 the scope of the programme's target group has been increased. Currently in the programme can participate persons aged over 58 years, unlike before when in the programme could participate only persons who lack two years of reaching the statutory retirement age.

In order to provide incentives to make work more attractive after reaching the statutory retirement age and to be more flexible before reaching the statutory retirement age, the **DE** governing coalition has agreed to introduce the so-called *Flexi-Rente*. Some key aspects envisaged are to

provide voluntary health check-ups for mid-40s to prepare for longer working lives, allowing pensions to increase for people working above the age of 67 and to eliminate the burden on employers to contribute to the unemployment insurance in that case.

The LU 'age pact', aimed at fostering retention of older workers by firms with more than 150 employees, is still being discussed in Parliament.

SE pension legislation was amended in December 2015 to modernise occupational insurance and extend the dual status of pensioners who continue working beyond retirement age.

2.9 Conclusions

In the area of pensions, most of the reforms undertaken by the Member States focus on the importance of long-term fiscal sustainability of pension systems. However, pension reforms should not separate sustainability concerns from considerations of pension adequacy which requires that full attention be given to the economic, social and political risks associated with lower income replacement in old age and increases in poverty among older people as well as increases in gender gap in pensions.

The SPC believes that aligning the retirement age with changes in life expectancy represents a valid policy option for adapting pension systems to the changing demographic and economic conditions. However, other tools are also available for increasing the effective retirement age and for ensuring longer working lives. Therefore, as pointed out repeatedly by the SPC, the most appropriate mix of policy options in the area of pensions depends on the specificities of national pension systems, the sustainability challenge and the current and projected adequacy of future pensions, which should be reflected in the way in which CSRs in this area are formulated.

3. Recent reforms for accessible, high-quality and sustainable health care

The main focus of the reforms in the area of health has been on ensuring cost-effectiveness and sustainability of healthcare. Population ageing and other factors, such as the high costs of innovative technologies and medicines, are putting increased pressure on the financial sustainability of health systems and the ability to provide adequate healthcare for all. Ensuring universal access to high quality care while guaranteeing the financial sustainability of health systems require increased efforts to improve the effectiveness and efficiency of health systems. The 2016 NRPs point out the fact that most Member States are taking measures to address cost effectiveness and sustainability challenges.

Most of the challenges for these Member States relate to long-term fiscal sustainability, inefficient use of resources, access and inequities in access to healthcare, availability of qualified health workforce, low public funding or poor health outcomes. Moreover, they point to deficiencies in the governance of the healthcare sector. The centralisation of the procurement system has been undertaken in several Member States as an effective measure for reducing both the cost of drugs

and of medical supplies. Increasing the use of generic drugs has also been employed in some Member States as a way to reduce expenditure for pharmaceuticals.

Some Member States have embarked on ambitious health reforms defining long-term priorities in the field of healthcare. These are in many cases done in the context of multiannual, comprehensive National Health Strategies. Similarly, reforms in hospital care, including linking hospital financing to outcomes, developing out-patient care and reviewing procurement arrangements constitute a significant part of Member States' efforts in ensuring better efficiency in spending. For this purpose, a few Member States introduced mechanisms for the measurement of hospital efficiency, hospital benchmarking and ranking.

Several Member States have also made efforts to improve the transparency of procedures and the availability of information, as well as to enhance the patients' rights and choice of health care providers and to reduce the waiting time for health care services. Addressing fragmentation in services and re-organisation of governance arrangements are other areas of important policy efforts. Still, the reforms initiated in a number of Member States need to be deepened so as to ensure a sustainable financing basis for health systems as well as adequate access to health care services and health insurance, including for the most vulnerable.

Table 3. Overview of policy reforms in the area of health care (2015-2016)

Areas of policy reforms			Member States
Health care systems	Structural changes in the organisation and financing of the health care systems	Policy changes	BG, CZ, FI, FR, IE, LV, LU, SE, SI
	Health service delivery (including e-Health)	Services delivery	BG, DE, LV, SI, SK
		e-Health	SI, SK
	Investing in the health care workforce	Pay increase	EE, LV
		Professional development and better working conditions	EE, LV
	Cost containment and cost-sharing	Improving cost efficiency	BG, DE, SI, SK
		Optimising pharmaceuticals spending	BG, CZ, DE, ES, PT, SI

	Reform of reimbursement systems	SK
Enhancement of access to services and of patient's rights	Access to services	LV, SI
	Patients' rights	CZ, LT

3.1 Structural changes in the organisation and financing of the health care systems

Recent reforms by **BG** in the healthcare system envisage splitting the current coverage package into three packages — basic, additional and emergency.

Selected **CZ** public hospitals will be transformed into non-profit entities, with the aim of enhancing management of key hospitals in the country. There are also plans to replace the non-transparent process of determining the reimbursement of medical devices with a new system. The government plans to transfer the system of mental health care from a predominantly hospital care to community care. Finally, the government also plans to change the system of allocation of health premiums among insurance funds, based on morbidity instead of gender and age characteristics.

IE is continuing the implementation of the Finance Reform Programme – the completion of a uniform chart of accounts and the procurement of a new Finance Management System.

The **FI** coalition parties agreed in November 2015 on the main outline of a social- and healthcare services reform. This envisages reorganising the public administration as a three-tier system from 2019, replacing the current two-tier system. A new layer of government would be created as the country would be divided into 18 autonomous regions. The regions can provide health and social services themselves or outsource them. It is planned that quality and cost data on services will be made public.

The **FR** healthcare law of 26 January 2016 aims to promote the settlement of general practitioners and of health centres according to local needs (territorial pact — *pacte territoire*).

The **LU** Government approved the 13 July 2016 the draft law concerning hospitals and hospital planning. The aim is to concentrate certain skills and services to improve the quality of health care and to use hospital resources in an optimal way. It is expected that the new legislation will enter into force in the first semester of 2017.

The **LV** study identifying the main bottlenecks and reforms needed in the health sector is significantly delayed and could be finalised only by mid-2016. The study includes a mapping exercise of the existing and planned health care investments, including human resource provision, infrastructure accessibility and cost efficiency.

The **SE** National Healthcare Resolution Plan 2016-2025 was adopted by the government at the end of 2015 and by the parliament in March 2016. The resolution represents a strategic plan for reform.

In **SI** a comprehensive analysis of the health care system has been completed in 2015 and the National Assembly adopted the Resolution on the National Healthcare Plan 2016-2025 in March 2016 as the key strategic document for the development of health care in Slovenia in the next ten-year period. A new Health Care and Health Insurance Act is in preparation.

3.2 Health services delivery

In **BG** the National Health Map was approved by Decision № 202 of the Council of Ministers of March 24 2016.. It became the basis for contracting health services as from April 2016.

DE adopted the Act to strengthen the provision of healthcare (*Versorgungsstärkungsgesetz*), which aims to provide incentives to attract doctors to undersupplied regions (notably rural areas), facilitate the start-up of new healthcare centres, and further develop the performance audit for pharmaceuticals. Another adopted act, the Act on hospital care (*Krankenhausstrukturgesetz*) provides for financial bonuses to hospitals delivering high-quality medical care and reduced cost reimbursements if care is of low quality. It also aims to encourage hospitals to specialise more and to further reduce the number of hospital beds. Furthermore, the new law on improving palliative care (*Hospiz- und Palliativgesetz*) aims to make palliative care an explicit component of standard care in the statutory health insurance and to expand nationwide the provision of specialised palliative care, particularly in rural areas.

EE is introducing primary health care structure reform for strengthening primary health care teams and concentrating resources by targeting investments from EU funds into primary health care centres.

LV plans to introduce a national healthcare quality assurance system as one of the investment priorities linked to EU funds for 2014-2020.

SK public hospitals have prepared a comprehensive proposal for streamlining hospital care, including transforming acute care beds into long-term care beds.

A **SK** pilot project on 'e-health' information tools in four hospitals was launched in December 2015. The project includes electronic health records, e-prescriptions and e-referrals and aims to improve coordination between inpatient and outpatient care and limit overuse of services and pharmaceuticals.

In **SI** a system of family medicine "model practices" with a focus on prevention and care coordination for patients with stable chronic diseases has been progressively implemented at the primary level since 2011 to be complete by the end of 2018. This will strengthen the Slovenian primary healthcare system in the situation of the limited financial resources and lower the pressure at a secondary and tertiary health care level. Moreover, the National strategy on development of

primary health care until 2025 will be adopted by the SI Government in 2016 and the new Health Services Act is under preparation.

Legislative amendment was adopted in SI in 2015 which concerns the databases containing medical data. This has been crucial for the implementation of the deliverables of the national eHealth project. E-Prescription was launched nationally in November 2015. Most activities in 2016 refer to the introduction of e-Appointments. In 2016 the collecting of patient summaries in the Central Register of Patient Data will also start. With the introduction of the zVem portal, patients will get the possibility to access their data in eHealth databases in a safe way via the internet.

3.3 Investing in the health care workforce

The **EE** authorities have adopted the following measures: for 2016, Estonia has increased the Health Insurance Fund budget by 6.4% compared to 2015, and the allocation from the state budget for the training of health professionals by 4,7% compared to 2015. These changes cover wage increases and an increase in the number of health professionals trained.

In **LV**, with a pay-for-performance scheme in primary care, quality incentives are being put in place. However, the quality linked payments for family doctors do not provide strong incentives. Also weaker distribution of family doctor practices in rural areas creates geographical barriers to primary care. To alleviate this situation, a bonus system was put in place.

3.4 Cost-containment and cost-sharing

BG took first steps to define clear rules of assessing costs of health services in 2015, but the mechanism is not fully in place.

The **BG** authorities recently made some initial changes to the pharmaceutical pricing and reimbursement system to consider the cost-effectiveness of medicines, but not in the case of clinical treatment guidelines.

CZ introduced centralised public procurement for selected pharmaceuticals in 2015 and the Commission for Accessing the Placement of Medical Devices also became operational.

DE adopted the Act on disease prevention and health promotion (*Präventionsgesetz*), which aims to generate long-term gains in efficiency through 'returns on prevention'.

In February 2016, **ES** plans to start publishing detailed data on regional governments' spending on health and pharmaceuticals.

In **PT**, complementary measures have been introduced to increase market penetration of generics, such as prescribing medicines with an international non-proprietary name and electronic prescription.

In **SK**, development plans have been prepared by state-owned hospitals in the course of 2015 to improve budgeting and spending processes with the aim to ensure balanced budgets. Comprehensive financial audits were completed in all public hospitals by October 2015 and the

introduction of an information system providing economic, staff and clinical data began in autumn 2015.

In **SI** the project for joint public procurement of medicines, medical devices and equipment continues - the joint public procurement for medicines is now mandatory for all public hospitals, in 2016 and 2017 the scope of items is expanding to the most frequently used medical devices. **SI** will adopt a new Pharmacies Act to implement changes in pharmacy activities, which will be relevant for the safety of patients and also for cost effectiveness in the system.

The pilot phase of a new **SK** reimbursement system for hospitals (the diagnosis-related groups payment system) is anticipated for 2016 and the overall project is expected to be operational by 2017.

3.5 Enhancement of access to services and of patients' rights

In **CZ**, a complete and compulsory disclosure of contracts between health insurers and providers entered into force in 2016, which should increase the transparency of the Czech healthcare system and boost competition among healthcare providers.

In **LV**, as of January 2016, the patient co-financing for certain diagnosis (hepatitis C, HIV/Aids) is abolished as the incidence rate of these infectious diseases levelled off. The state will fully compensate medical expenses (instead of 75 % previously) for hepatitis C patients. For HIV/Aids patients treatment at an earlier stage of the disease will be compensated by the state.

In **LT**, a recent reform seeks to make decisions on drug reimbursement simpler and more transparent.

In 2015 **SI** initiated a pilot project "For better waiting times management" that will continue in 2016.

3.6 Conclusions

Access to health care is a key element of social protection policies. The right to access preventive health care and to benefit from medical treatment are considered to be fundamental rights of all Europeans, recognised as such by the EU's Charter of Fundamental Rights. Governments across the European Union have committed to providing access to adequate health care as well as to high-quality and sustainable healthcare for all. An underlying precondition for this objective is sufficient funding and investment, as inadequate public funding for the health system creates and exacerbates barriers to access.

In recent years, the economic crisis has posed considerable challenges to maintaining access to health services and medical care. Budgetary constraints put an additional pressure on the health care systems across the European Union just when more people were likely to use the publicly funded services. But even those countries that had chosen to maintain the budget allocation to health care at the pre-crisis levels were confronted with sustainability challenges, as the changing demographic trends, labour market situation, technological advances and the diversification of

health care needs and uses require a broadening of the public revenue base in order to sustain growth in health expenditure.

The SPC has been carefully following the issues affecting the functioning of the health care systems in the EU Member States, trying to identify policy measures that have a high potential to tackle shared challenges and fostering the exchange of information on good practices and lessons learnt from the implementation of health policies and reforms.

The sustainability of health systems is also a key consideration but should not be used to create a false dichotomy between sustainability and the goal of achieving equal access to health care for all. Moreover, financial protection against high health care costs – a major dimension of health system performance – is closely linked to health care accessibility and affordability. We should keep in mind that, in spite of efforts to ensure universal coverage, vulnerable groups in particular have suffered in terms of unmet need for health services during the economic crisis and continue to be a particular concern. Therefore, protecting vulnerable groups from financial hardship when using health services should represent a key policy objective for the governments.

4. Recent reforms to achieve adequate social protection for long-term care needs

The 2016 NRPs reveal that the policy measures in the area of long-term care focus mainly on improving cost-effectiveness and concerns on provision and access to adequate long-term care services. The measures adopted by some Member States aim at addressing these challenges through structural reforms such as a shift from institutional to community-based care, strengthened support to informal carers and improved policies for prevention, rehabilitation and independent living. However, more efforts are necessary to ensure the long-term care sustainability and to facilitate the access to adequate, affordable and quality long-term care. In order to achieve this, Member States should adopt a proactive policy approach, promoting independent living and preventing the loss of autonomy, reducing thus the need of long-term care services.

Table 4. Overview of policy reforms in the area of long-term care (2015-2016)

Areas of policy reforms			Member States
Long-term care	Structural changes in the organisation and financing of the long-term care systems	Policy changes	CY, LT, LU
	Cost containment and cost-sharing	Improving cost efficiency	CY, AT
	Enhancement of access	Service delivery	AT, CY, BG, DE

4.1 Organisation of long-term care systems

The **CY** government put in place a major reform as regards the governance of Social Long Term Care with the introduction of the Guaranteed Minimum Income (GMI) in July 2014 and subsequently with the Decree "Guaranteed Minimum Income and in General the Social Benefits" (Emergency Needs and Care Needs)" of 2014, which came into force in July 2015. The Decree incorporates the Scheme for the subsidisation of care which includes the following types of care: (a) home care, (b) institutional care, (c) day care and (d) respite care. The Decree also covers the child care needs of GMI recipients. The Service responsible for the benefit provision to GMI recipients for their care needs, is the Welfare Benefits Administration Service, while the Social Welfare Services are responsible for assessing the care needs of the GMI recipients based on specialised evaluation tools, the service delivery and the monitoring of the provided care.

EE established a task force to alleviate long-term care burden in December 2015 with the purpose to find effective and sustainable solutions to the increasing care burden, including to establish a comprehensive vision, objectives and solutions for the integrated and effective organisation of long-term care in Estonia. The task force will submit policy proposals to the Government by the end of November 2017.

LT is putting in place and modernising its long-term care infrastructure (such as day care centres), establishing new community-based care homes for the elderly and developing the provision of social and nursing care at home.

The **LU** government has planned a reform of the long term care system planned to come into force on January 1st 2017. The major objectives are a better individualization of the offer of services answering the daily needs, the strengthening of the quality by standards and clear criteria with adequate controls, simplification of the procedures and the financial consolidation of the system.

4.2 Financing and cost-sharing

By tightening access to long-term care cash benefits in the two lowest benefit levels, the **AT** government reduced the number of new benefit recipients in 2015. The estimated savings of EUR 19 million in 2015 and EUR 57 million in 2016 are planned to be used to generally increase the level of long-term care cash benefits in 2016.

4.3 Service delivery

The **AT** government plans to adopt a regulation on the classification of children (Kindereinstufungsverordnung) in autumn 2016. This regulation is important for a nationwide consistent evaluation of the extent of care required of children and adolescents (which goes beyond the amount of care usually needed for children of the same age). The necessary amount of care forms the basis for the claims to the federal nursing scheme. The decision-makers and

courts have to apply this new regulation leading to more legal certainty. Further to that the AT government presented the Austrian dementia strategy in December 2015. The Austrian Dementia Strategy „Living well with dementia“ provides a framework of objectives and recommendations for taking action to improve the lives of people with dementia as well as their families and carers. In six working groups, persons with dementia, (political) decision makers as well as experts developed objectives and recommendations for action. The work process took place between March and October 2015.

In **BG** a Social Services Act is currently being developed. It is aimed at improving the quality, effectiveness, financing and monitoring of social services and their provision and it is expected to be adopted by the Council of Ministers by the end of 2016. With regard to the provision of integrated social-health services, amendments to the Health Act regulating this matter were adopted by the National Assembly in September 2015 and the secondary legislation under this Act is currently under development..

In **DE** the second Act to consolidate long-term care (*Pflegestärkungsgesetz*) entered into force. It includes a new definition of care dependency (*Pflegebedürftigkeitsbegriff*) which expands long-term care services to mental health disorders, such as dementia.

4.4 Assuring and monitoring quality

The **BG** authorities prepared an analysis of the existing 160 specialized institutions for elderly people and people with disabilities at the end of 2015. In implementation of the process of deinstitutionalization of care for the elderly and people with disabilities a draft of the first Action Plan for implementation of the National Long-term Care Strategy for the period 2016-2020 was developed. Under the project “New standards for Social Services”, launched in 2016 under Operational Programme “Human Resources Development”, financial and quality standards for provision of the services will be developed. A draft of the Action Plan for implementation of the National Long-term Care Strategy will also be developed within the project.

4.5 Conclusions

The combination of longer life expectancy, low fertility and the retirement of the baby boomers will deeply impact and change the outlook of our societies and economies in the next decades. At the same time, the pool of potential carers will shrink substantially over the next decades as working age cohorts become smaller and the employment rates of women increases.

In order to address the impact of these demographic changes, some Member States have been adopting or implementing reforms of their long-term care systems with the aim of ensuring a more efficient use of existing resources. Such reform measures focus on further developing home care services and strengthening care integration.

Long-term care financing arrangements have been modified in a number of Member States. While some decided to increase public funding and to reduce private cost-sharing, others lowered existing eligibility thresholds for public support or introduced other measures for cost-containment.