MISSOC-Info 1/98

Bulletin of the Mutual Information System on Social Protection in the European Union

Privatisation in Social Protection Systems

Greece

Spain

France

Ireland

Netherlands

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United Kingdom

Evolution of Social Protection

Belgium

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MISSOC

Mutual Information System on Social Protection in the European Union
Système d'information mutuelle sur la protection sociale dans l'Union européenne
Gegenseitiges Informationssystem zur sozialen Sicherheit in der Europäischen Union

FOREWORD

Dear Readers,

After you have not heard from MISSOC for several months now, we are happy to be able to share with you that the end of 1997 marks a period in which many new events and reforms were launched. The European Commission, Directorate-General V, made the decision in 1997 to continue the MISSOC information system and, following a previously announced open call for tenders, renewed the assignment of secretariat duties to the ISG institute for a period of five years. Subsequently, the Commission, together with the MISSOC correspondents in the Member States, agreed on a series of changes.

Beginning in 1998 the date pattern changes for the annual issue of the publication *Social Protection in the Member States of the European Union.* The comparative tables in this publication will no longer refer to the situation on 1 July but rather to the legislation on social protection as it stands on 1 January of the year under review. So you will not have very long to wait for the appearance of this publication's next edition.

And more importantly: MISSOC will also be present from May 1998 in the Internet. Via the MISSOC Website you will be able to access information in the comparative tables directly, even prior to the date of the publication appearing in print. That will mean that in future your information will be more up-to-date than ever before possible.

The Internet will also make it possible in future to bring the stock of MISSOC data up to date not just once a year but in six-month intervals. In addition to the update on 1 January, which will also appear in print as usual, the Secretariat will update the information, in conjunction with the national MISSOC correspondents, a second time on 1 July of each year – this will not appear in printed form, however, but be accessible via the Internet alone.

Changes will also take place in how the contents of the comparative tables are presented. At the last MISSOC meeting in December 1997, first steps were already taken in editing the structure and contents of each table chapter to both ensure that the information presented is complete and in particular to improve the reader's ability to understand and compare the written data. In six-month intervals, one to two tables will be put to the test each time and reworked – within the course of the five-year period now under way, the comparative tables will take on a new appearance and the quality of information will improve.

You will continue to receive our MISSOC bulletin three to four times a year, providing all the latest information on the developments in the Member States, as well as reports on specific topics. This present issue of MISSOC-Info 1/98 is dedicated to the topic of *Privatisation in Social Protection Systems.* As you well know, a work meeting comprised of representatives from the Member States who act as national MISSOC correspondents takes place twice a year. On the agenda of this meeting is always a discussion of a specific topic proposed by the national correspondents of the respective host country. At the meeting held on 22-23 May 1997 in The Hague, Netherlands, a thought-provoking discussion took place on the trend toward privatisation. Some of the correspondents had prepared reports prior to this meeting on the situations in their own countries, and we would like to present these in this issue of MISSOC-Info to inform our readers. You will also find reports in this issue of MISSOC-Info on the developments in the area of social protection in Belgium, Portugal and Sweden for 1997.

Cologne, March 1998
MISSOC Secretariat
Dr. Wilhelm Breuer

GREECE

Social Security - Private Insurance

The Social Security system in Greece reflects its public nature by virtue of formal constitutional provisions. Article 22 Paragraph 4 of the Constitution provides for Social Security for workers to be incumbent on the State in accordance with the law.

Despite the lack of formal constitutional provisions insofar as private insurance constitutes an expression of contractual freedom, the legal basis for private insurance is provided indirectly by Article 5 Paragraph 1 of the Constitution, guaranteeing economic freedom.

Similarities and Differences between Social Security and Private Insurance

Both proposals essentially establish the guarantee of benefits for a set risk (old age, death, disability, unemployment). Social Security gives the insured person general coverage, while Private Insurance covers the insured up to a sum defined by the terms of a specific insurance contract. Note that the State tries to exert some control over Social Security and also, to a lesser degree, over Private Insurance.

The differences to be explored between these two perspectives on insurance are that Social Security is based on the law, while Private Insurance is subject to the terms of the insurance contract. In the first case, the principles of public law determine the insurance relation. Affiliation of the insured to Social Security Funds is compulsory and occurs independently of the beneficiary's freedom to choose. In the second case, we are dealing with a private insurance contract which exhibits the will of the contractual parties and is governed by private law.

Another point of distinction to note is that Social Security is offered by government authorities (legal entities under public law) which are based on the law, while Private Insurance has obligations incumbent on private agencies (public limited companies).

In conclusion, it can be said that the objective of Social Security bodies is to reflect social interests, as opposed to the PLC's objective, which is to make a profit.

The Current Situation

As already pointed out, the Social Security system in Greece refers to a compulsory scheme seeking to insure affiliated members through public bodies. Every worker is obliged to enrol in a basic insurance scheme (retirement, sickness) as well as a supplementary insurance scheme.

Moreover, note that Private Insurance operates with sufficient support from Greek legislation, which had also been adapted to Community Directives.

Also, hardly excluded in this specific context, group insurance from the realm of private insurance has been practised, parallel to compulsory membership of the insured, in large companies. At first the employers displayed reluctance in registering for a group insurance contract like the "retirement plan", since it is impossible to receive a tax reduction on retirement plan premiums for highly qualified personnel. But today, group insurance policies are sufficiently used, following an amendment to tax legislation which provides for the deduction of the premiums paid by companies in their personnel's retirement plans.

Nothing can dispel the concept underlying the distinction between the two systems. It can be said that the compulsory nature of Social Security renders Private Insurance as having more of a supplementary function and less of a competitive one.

In conclusion, State authorities are not predominately preoccupied with privatisation in certain sectors of social protection in Greece; the concept of privatisation seems to not yet have been sufficiently raised as a subject for debate between the social partners.

With regard to the implementation of the two directives 49/92 and 96/92, the Greek legislation is currently abiding by these directives, even though the adaptation process has caused a stir, considering the decisiveness of such a transitional stage from a closed insurance market to a vast European market.

SPAIN

To deal with the matter proposed by the Netherlands -"Practice and positions on social security privatisation"- from the Spanish point of view, we must bear in mind that there are no conflicting positions with relation to the public welfare system, for which there is a political consensus in the form of a "Pacto de Toledo"; this agreement received social support through the "Accord on consolidation and rationalisation of the social security system", signed last October by the Government and Trade Unions.

In the public social security system we can distinguish different modalities of social protection with respect to their funding sources:

- Contributory benefits funded basically through social contributions paid by employers and employees.
- Non-contributory cash benefits, health care, social services and family benefits charged mainly to the National Budget; these benefits will become tax funded in the short term.

Together with these two levels of public protection, a supplementary third level can be found in Spain; it will be referred to it later on.

With regard to social security management, its current evolution follows two lines:

A) Decentralisation because of the State's own structure in the form of Autonomous Communities.

B) Operational internal decentralisation, which also implies private enterprise involvement, but only as far as the rendering of concrete services is concerned, because its exclusive ownership and ultimate liability fall to the Government, in the sense established by the Spanish Constitution of 1978.

This private enterprise involvement materialises into several specific aspects:

Health care:

- Health care arrangements between private centres and the public system in order to provide care to patients accounted for by the public scheme.
- Private management of public hospitals undertaken by non-profit organisations like foundations, for instance.

Social services for which demand surpasses public supply. Therefore arrangements had to be reached with private institutions, once again, that have proved to be satisfactory up to the present.

Coverage of accidents at work and occupational diseases

In order to formalise coverage for employees against accidents at work and occupational diseases, Spanish social security legislation enables employers to opt either for a competent management agency or for an association with a Mutual Insurance Company for Work Injuries and Occupational Diseases, which are statutory non-profit associations with joint liability.

The great majority of employers opt for the second possibility as to the insurance against accidents at work and occupational diseases.

Furthermore, since 1995, this participation of private enterprise in management has also been extended to the normalisation of coverage for temporary incapacity cash benefits. Consequently, the employer who has opted for the protection against professional contingencies provided by a Mutual Insurance Company can also enter an insurance in respect of sickness or non-occupational accidents cash benefits with the same Mutual Insurance Company.

This option was already available to self-employed workers, who can also choose between having coverage or not for temporary incapacity cash benefits within the scope of the protection provided.

Since 1993, employers are liable for the payment of *temporary incapacity cash benefits* from the fourth to the fifteenth day on a statutory basis, not as a result of collective bargaining.

As mentioned before, Spanish social security legislation includes a third supplementary level also envisaged by the Constitution. Such a supplementary level has a voluntary character, but never acts as a substitute for the public pension system. Moreover, one of the recommendations included in the Pacto de Toledo, signed by every political party with parliamentary representation, is the promotion of this supplementary sphere so as to improve the level of benefits provided by the public social security system, bearing in mind, in addition, that these mechanisms stand out as a paramount savings source in the long term.

Finally, regarding problems arisen with relation to European Union legislation -specifically Directives 92/49 and 92/96-, one must say that both regulations address problems related with private insurance, a topic that is out of the scope of the Ministry of Labour and Social Affairs and is the responsibility of the Ministry of Finance and Treasury. Nevertheless, we understand that there have not been problems in that respect, given that the new Act on Private Insurance (Act 30/1995, 8 November) has taken into account Community legislation on this matter.

FRANCE

Among the three great socialisation models (the contract, a relation in which the individuals set a rule, as conceived by Jean-Jacques Rousseau; the market which seeks to harmonise all interests through an invisible hand, from the theory set forth by Adam Smith; insurance according to the possibilities explored by Liebniz), the 19th century, confronting problems posed by the market's difficulty in harmonising all interests retained the development of the insurance system as a means of constructing the social system.

The social insurance models had at that time been of value in that risks were redistributed to certain categories of salaried workers until an evolutionary change occurred after World War II, which consisted of going over to a generalised coverage of the entire population.

Compulsory social insurance

During the course of the second half of the 20th century, public assistance, which constituted in France, since the end of the 19th century, the interventionist principle of the State in the area of social protection, had had the mission of being a residual solution. Social insurance was then spread little by little to all sectors of the population, both active and inactive. In fact, it slowly absorbed the other forms of social protection.

Social insurance (generalised to social security) has thus emerged as a socialisation system, providing, on a universal basis, a good coverage level against social risks, while at the same time maintaining a social assistance system on the side with which to avoid deep poverty and leaving it to the initiative of individuals and groups to find or implement additional means of social protection.

To implement this form of social protection on a universal basis, hinging on a system of compulsory membership which is indispensable for applying the principle of solidarity, France has developed an organisation which is neither state-run nor privatised.

France believes that the State has neither the legitimacy nor particular competence to assume the administration of social protection. And yet the country also believes that we should only take recourse on private organisations, subject to market conditions, for handling marginal or supplementary aspects of social protection. In effect general old-age pension schemes operate on the basis of redistribution principles and a compulsory nature. Family benefits in no way follow a logic of insurance. All form of selectivity, based on the state of health or/and capacity to contribute, must be precluded in the case of health insurance.

Since then the organisation must depend on a large delegation to social partners and on respect for policy guidelines taken and fundamental rules set by the State, who alone has the legitimacy and capacity to render arbitrage on the fundamental stakes of social protection.

This delegation may be comprised, depending on the particular case, of schemes organised on a vocational basis (old-age pension, for example) or a national basis. In certain cases various businesses can be placed in competition to one another for the delivery of benefits of a given scheme (which is the case in health insurance for non-salaried workers).

This situation is currently leading France to consider the financing of basic social protection, irrespective of the risk under consideration (handicap, old age, sickness, employment injuries...), to be a matter of national solidarity.

Nevertheless for many years now, the issue surrounding the negative effects of social security has been debated. Even though the social security system's legitimacy has not been shaken, we have been privy to debates pushing for a cleaner break between the different functions of social protection (for example by the committee for the defence of tradesmen and craftsmen at the origin

of the Poucet and Pistre case before the Court of Justice of the European Communities). Exigencies have called for us to state that the social security system is more interested in objective situations than in manners of behaviour. In the relation thus created between individual and community, there is in effect a risk towards withdrawing responsibility from the individual by objectivising his or her situation. It is on account of this situation that criticism has arisen.

Nonetheless, the advantages of such a system are not to be minimised either. The principle of socialisation, established within the scope of legal social security schemes by drawing on uncertainties held in common, avoids a cleavage between two classes of citizens, in which the one would be insured and the other would insure himself.

Thus, the part of social protection which can be left to individual initiative is not connected to risk but to the basic or supplementary nature of social protection. The borderline between these two concepts can be brought to change, but this is the present situation in France.

It is also worth mentioning at this point that the decision taken at the turn of the 80s to stem the flow of that portion of the national income consecrated to a compulsory redistribution has expanded the field of activity for supplementary protection (which could be implemented by private agencies) in the areas of old-age pension, sickness insurance and welfare.

The development of supplementary social protection

The supplementary social protection devices had been upheld in 1945. It was necessary, on the one hand, to preserve the pension schemes set up for managerial employees before the second world war and, on the other, the mutual insurance companies, which secured for the most part the business of managing social insurance under the grip of the laws of 1928-1930 and saw themselves as answering to the call of ensuring supplementary health coverage. In both cases the supplementary coverage fell under the optical guise of solidarity, even though it was subsumed by more limited groups than social security, whose purpose is the general good.

Nonetheless in the 80s, faced by an upper limit for coverage in some segments, organisations were forced to compete against one another in order to maintain or increase their market share. This increase in competition had been accentuated by the European directives which joined supplementary protection to insurance (Council Directive 73/239/EEC; 88/357/EEC; 92/49/EEC). While a continuum between the social security institutions and those of supplementary social protection had existed in a social protection system like the one in France, European law tends to establish the delimitation more precisely. As for the first, we acknowledge the monopoly held by social protection and in the latter, the market rules apply, especially in name of the principles encouraging liberal capital flow.

Thus, supplementary protection seems to have become a market in which various types of enterprises encounter one another, hence comprising three different legal schemes: the code of mutuality (*Code de la mutualité*) for mutual insurance companies (which originated with the worker's solidarity principles at the beginning of the 19th century and is based on the principles of non-profit-making, solidarity between their members and the functioning of democracy), the code of insurance (*Code des assurances*) for insurance companies (these propose individual contracts, for example supplementary health protection, but also operate on the basis of collective protection, either directly or by reinsuring institutions based on joint decision-making), the social security code (*Code de la sécurité sociale*) for parity welfare institutions (these distant heirs of employer funds from the 19th century have become jointly administered at the end of the second world war. Today they have specialised in supplementary protection in a particular branch or enterprise).

Nonetheless, the methods of supplementary social protection can be encouraged to grow and change.

In this way, even if the method of organisation of the French system of old-age pensions has not been put in question, the law of 25 March 1997 has created the possibility for salaried workers, bound by a work contract under private law and coming under the general old-age pension scheme, to subscribe to a retirement savings plan (*Fonds de pension*). This retirement savings plan has no direct effect on the level of pension benefits from the general scheme (the benefits are in proportion to the amount of contributions paid) and from supplementary retirement schemes, instituted by the social partners through interprofessional agreements and to which salaried work-

ers are obliged to join, but allows those who have interest to profit from a different type of supplementary coverage.

This retirement savings plan clears the way, to the benefit of its members, to receiving a lifelong pension, paid out beginning on the date they permanently leave active employment. The retirement savings plans can be joined by one or several employers or by a group of employers, to the benefit of their salaried employees. Payments made by the employee and the employer's contribution to the retirement savings plans are optional. The additional sum paid by the employer may not exceed four times the amount paid by the employee. The retirement funds are artificial persons whose exclusive objective consists in covering the activities falling under the rubric of the savings retirement plans. The retirement savings funds must be constructed in the form of an joint stock insurance company, a mutual insurance company, a welfare institution or an institution based on mutual benefit.

In this way, with the creation of this third extra-supplementary form, the French system has become endowed with an additional element of protection against the risk of old age, based on the functioning of capital cover.

In conclusion, we would like to point out that if general social protection, concerning in France the notion of national solidarity and does not have, for this reason, the mission to be managed by organisations under private law and subject to market conditions, then supplementary social protection does not induce the same demands and thus leaves a more important place open for the private-sector partners to develop.

IRELAND

Social Protection System in Ireland

Under the social insurance system in Ireland, unlike in most other EU countries all benefits payable are at a flat rate. Supplementary income-related cover is provided for a proportion of workers under occupational or personal pension arrangements and sick pay schemes. Given the nature of social insurance cover in Ireland, the main debate in Ireland has been on whether a second tier income-related pension scheme should be provided under social insurance.

Pensions

In 1976, a Green Paper entitled "A National Income Related Pension Scheme" was published by the Department of Social Welfare which recommended the introduction of a Social Insurance scheme providing for income related pensions. This was not proceeded with mainly because of the economic difficulties and the growing level of unemployment in the 1980s. The priority instead has been to increase the level of social welfare payments, including, pensions, up to minimally adequate levels and to extend compulsory social insurance cover to all categories of the workforce. This has now been largely achieved.

In 1986, the National Pensions Board was established to advise the Minister for Social Welfare on a range of issues, including the provision of income-related pensions for all employees. In its Final Report, published in 1993, the Board considered how income-related pensions could be provided. It concluded, that having regard to existing levels of coverage, international experience and the number of small employers in Ireland, it is highly unlikely that comprehensive pension cover, which would maintain established standards of living, can be achieved under the present national pension system (compulsory social insurance for flat rate pensions and voluntary occupational schemes or personal pension arrangements providing supplementary cover).

The Board also had serious reservations as to whether a second tier income related pension scheme under social insurance would be sustainable in the longer term, in light of the demographic projections and the projected level of contributions required just to finance first tier social insurance pensions.

Accordingly, the Board recommended that coverage of occupational and personal pension arrangements should continue to be encouraged, in particular, the existing tax treatment should be maintained.

Before a final decision is made on what overall policy should be developed to extend pension cover, the Board recommended that a survey of occupational and personal pension coverage should be carried out to establish their coverage

and adequacy. A survey was commissioned by the Department of Social Welfare in 1996 and this found that less than 50% of the workforce has such pension cover. This means that significant segments of the workforce and their dependents are at risk of experiencing a sharp drop in living standards when they become pensioners.

In response to this, the Minister for Social Welfare and the National Pensions Board launched a pension's policy initiative, the first phase of which was the publication of a consultation document. The main options set out in the document are:

(a) increasing the level of flat-rate benefits available under social insurance and more effective promotion of voluntary occupational and personal cover (which would largely involve a continuation of the present system);

(b) introduction of second tier earnings-related pension scheme under social insurance;

(c) mandatory pre-funded pensions cover under occupational cover or personal pension arrangements.

A related option under (a) or (c) would be for the State to promote the establishment of industry wide schemes.

The second phase of the Initiative is now well underway. This involves:

- processing and analysis of the responses to the consultation document;
- reviewing critically selected pension models from other countries, relating these to Ireland and developing options in the Irish context, and
- finally, preparation of a report including the formulation of recommendations on the actions that need to be taken to achieve a national pensions system in line with the aim of the National Pensions Board as articulated in their Final Report.

It is expected that this phase will be completed early next year (1998). The position of pensions (both first and second tier) will arise for consideration in this context.

The National Pensions Board in its final report also recommended that an Actuarial Review of the projected long term cost of first tier social insurance pensions should be carried out every five years. The first such review, which covers the 60 year period from 1996 to 2056, was launched and published in September 1997. The findings of this report will feed into the National Pensions Policy Initiative referred to above and will facilitate projections and discussion as to the levels of social welfare pensions that can be provided in the decades ahead and the costs of different options.

Statutory Sick Pay

The possibility of introducing some form of statutory sick pay (SSP) was raised on a number of occasions in the 1980s and early 1990s. The introduction of SSP was proposed in the context of achieving savings in the administration of sickness benefits and as a means of bringing these benefits into the tax net. Other objectives included:

(a) the reduction of duplication between occupational sick pay schemes and the sickness benefit scheme under social insurance;

(b) creation of incentive to employers to control sickness-related absenteeism;

(c) reduction of the work disincentives which can arise when, a combination of occupational sick pay, sickness benefit and tax refunds create situations where some employees are financially better off when not working.

The introduction of SSP was proposed by the Minister for Social Welfare in January 1992. The duration of SSP would be for 4 weeks, with payment of sickness benefit commencing from the fifth week. It was expected that fixing the duration of SSP at four weeks would significantly reduce the number of sickness benefit claims by approximately 50% on the basis that a high proportion of these claims were of short duration.

It was proposed that the scheme would cover all employees insured for sickness benefit i.e. employees to whom the full rate PRSI applies. There would be no contribution conditions attached to the proposed scheme, since employers would generally not be in a position to know if the contribution conditions had been met. On the basis that it would be unrealistic to expect employers to pay SSP at the existing sickness benefit rates as this would involve detailed investigation of the family circumstances of employees, it was

proposed that SSP would be paid on the basis of a range of rates, linked to the employee's earnings. There would be no additions for dependents. Those earning £70 or over would receive £70 per week SSP, those earning less than £70 per week would get tiered rates. Because SSP would be paid as wages, it would be liable for tax and pay-related social insurance. It was proposed to compensate employers by way of an overall reduction in the employer's pay-related social insurance rate.

A number of difficulties impeded the progress of negotiations on the introduction of the scheme, in particular, the mode of employer compensation. Employers sought compensation for both direct costs (amount of benefit paid) and indirect costs (administrative costs). To meet the employer demands would have conflicted with the overriding objective for introducing the scheme, namely, to achieve savings. There were also objections to the introduction of the scheme from the Trade Union movement on the grounds that some employees would receive a lower rate of SSP than under the existing sickness benefit scheme.

In the event, the proposed scheme was not proceeded with. It was not possible to reach a satisfactory agreement on the mode of compensation for employers. Improvements in computerisation also facilitated the taxation of sickness benefits in 1993 and thus one of the main reasons for introducing SSP no longer applied.

As explained above, there is already a large degree of privatisation of social protection in Ireland. Supplementary income related pensions are provided entirely under occupational and personal pension arrangements. One option being considered in the context of the present pensions initiative in Ireland is whether such provision should be made in part at least by means of second tier pensions under social insurance. If this were to occur, it would go against the current EU wide trends towards privatisation.

There appears to be no immediate prospect of sickness benefits being replaced by statutory sick pay even for a relatively short initial period of sickness.

NETHERLANDS

Organisation of the social security system

In the past the employee insurances were implemented by Industrial Insurance Associations. In the fifties trade and industry were divided into 26 branches, and every branch had its own Association. The board of these Associations consisted of representatives of employers and employees organisations. The Associations were responsible for the collection of contributions and for the payment of cash benefits in the employee insurance schemes. They had a choice: they could carry out the insurances themselves, or let them be carried out by one specific administering organisation, the Joint Administration Office (GAK), in the board of which they were represented. Over the years the number of Associations has decreased and in the end there were 18, 13 of which were affiliated with the GAK.

During the eighties the number of claimants of disability benefits strongly increased. In 1990 881.000 persons were entitled to invalidity benefits. Although a number of measures were taken, the increase seemed uncontrollable and it seemed a very realistic prospect that failing further measures, the number of disabled persons would increase to one million. This gave rise to political unrest, and many persons were of the opinion that the invalidity schemes had to be reformed. Because of this, in the early nineties a parliamentary inquiry into the implementation of the employee insurance schemes was set up. This inquiry concluded that both the implementation and the content of the invalidity schemes needed to be fundamentally reformed. Amongst others, social partners were blamed for the large number of beneficiaries. It was said that they created an abuse of the sickness and invalidity benefits schemes. Instead of dismissing their employees in situations where the employee wasn't being productive enough or for economic reasons, they made it easier for those employees to get an invalidity benefit.

As far as the implementation is concerned, this has led to the following changes.

In February 1994 a new bill on the Organisation of the Social Insurances was passed by Parliament.

The Industrial Insurance Associations were no longer allowed to carry out the insurances them-

selves, they must outsource the administration of the employees' insurance schemes to independent implementing bodies on a contract basis. To this effect the board and the administration had to be split up. The intention was that the Industrial Insurance Associations should be financially, administratively and juridically completely separated from the implementing bodies. From now on all the decisions on the payment of benefits had to be taken independently of the social partners. The former implementing bodies transformed themselves into Holding Companies, private institutions, managed by a board of directors, with a public and a private part. The public part performs the implementation of the employee insurance schemes. The private part performs all kinds of private activities relating to social security. Besides their "old" task of collecting contributions and awarding benefits, they took on a very important new task: the stimulation of reemployment of disabled persons. Two new institutions were established: one for the coordination and adjustment between the Industrial Insurance Associations (Tica), and one for the supervision of all organisations operating in the field of social security (CTSV). The board of the Tica consists of representatives of employers and employees organisations. The board of the CTSV consists of independent experts; employers and employees no longer play a part in this organisation.

This bill was meant as a temporary measure to resolve the most urgent problems. It was considered to be a first step towards a completely new organisation in which the implementation of the employee insurance schemes are fully privatised and in which market mechanisms are introduced.

In order to achieve this situation, a completely revised bill on the Organisation of Social Insurances was passed by Parliament last March.

The most important aim of the reorganisation process is to enable the implementing bodies to reduce the number of beneficiaries. Therefore the most important task of the implementing bodies has become the reintegration of beneficiaries into the labour market.

The Industrial Insurance Associations don't have a political function anymore. Instead of having these Associations, one central board was created which is responsible for the implementation of the employee insurance schemes. This is the National Institute for Social Insurance (*Lisv*). Although this organisation is responsible for managing implementation, it is forbidden by law to carry out the implementation itself. It has to contract out the implementation to one or more implementing bodies. This means that the actual decision on whether or not a person is entitled to a benefit is taken by the implementing body on behalf of the *Lisv*. The major tasks of the *Lisv* itself are the fixation of contribution rates, management of the funds, the budgeting of implementation costs, advising on all policy matters and stimulating the reintegration of the beneficiaries. The board of this organisation has a tripartite composition and an independent president. The former Industrial Insurance Associations have been transformed into sectorial committees. They have an advisory function to the central board with respect to issues which are specific for their sector and to the contracts the *Lisv* must assign to the implementing bodies. The central board of the *Lisv* contracts, upon advice of the sectorial committees, an implementing body for each sector separately. These contracts contain the agreements regarding the products the implementation body is going to deliver, the number of products and what price the *Lisv* is going to pay for these products. The *Lisv* is free to decide with which implementation body it will make an agreement. Because of this a certain degree of competition will be created. The philosophy behind this is that this will decrease the implementation costs.

Every administrative office can become an implementing body on the condition that it has been recognised as such by the Minister. In order to be recognised it has to fulfil a number of conditions. It is possible that the implementing body is part of a holding, on the condition that there is a strict separation between the so-called public and the private part of the holding. By "public part" is meant the part which deals with the implementation of the insurance schemes.

All the organisations which have been acknowledged are allowed to compete for orders of the *Lisv*. For the period till 1999 the contracts have been concluded with 4 implementing bodies which have already existed: GAK, GUO, SFB and Cadans. After the expiration of this period the *Lisv* has to call for new tenders from all recognised implementing bodies. At that moment it is possible for other private organisations to compete for orders.

As mentioned earlier a major task of the *Lisv* is reintegration of beneficiaries into the labour market. This can best be achieved when the implementation of the employee insurance schemes is regionalised in order to obtain optimal co-operation between the labour supply organisation and the municipalities. Therefore in the future the central work of the administration will not be centralised, but regionalised.

Supervision of all these institutions is carried out by the CTSV (Supervisory Board). The CTSV is responsible for the supervision of a lawful and suitable implementation of the social insurances. The CTSV in turn has to account to the Minister.

One could say that the Netherlands are now in a period of transition, from a system in which the employee insurance schemes are carried out by social partners to a system in which the schemes are carried out by private organisations on the basis of competition and under independent supervision. If we come that far depends on whether market mechanisms are going to work in this field. Will it in reality be possible to shift the implementation body to the private sector without incurring enormous costs; are there private insurance companies who want to enter the social insurance market? This will mainly depend on the possibilities for making profits.

Benefits in the Netherlands

In the Netherlands, the discussion on the privatisation of social security is centred on the question of who will pay the financial burden of benefits. Views on compulsory financing have shifted from a public fund which is filled with both employers' and employees' contributions to financing through the individual employer, who is obliged to bear the full financial burden of work-related benefits, or to the employee paying as a private person on a voluntary basis.

Sickness

For example for workers who have called in sick, employers can be obliged to continue paying wages. In 1994, this obligation was introduced in the Netherlands to cover the first six weeks of illness. Small companies were given some leeway: they were only required to continue paying wages for two weeks. In 1996, this period was extended to all employers to the full duration of the former benefit period of 52 weeks under the Sickness Benefits Act (ZW). Only a few categories of persons retain their entitlement to a benefit, namely temporary workers, unemployed persons and pregnant workers.

Invalidity

The contributions for invalidity insurance, which are usually paid both by employers and employees, are placed entirely on the shoulders of the employers as from 1 January 1998. In the Netherlands there is no separate insurance against accidents at work and occupational diseases. Employers are responsible for the health and safety of the people on company grounds. At the same time, a system of differentiated contributions has been introduced: the higher the illness rate, the higher the contribution will be for the employer. This will convince employers that favourable working conditions pay off: it is always cheaper to invest in health and safety of workers than to pay the costs involved in their illness and disablement. Basically, it is the responsibility of employers to keep their personnel at work whenever possible, even if workers would be considered disabled by traditional standards and even when the cause of their disablement is to be found in events occurring outside the working place, for instance during a ski-holiday.

On 1 January 1998, an amendment to Dutch disablement legislation will come into effect which gives Dutch employers the option of carrying the risk of benefit payments themselves for disabled workers during the first five years of disablement, provided that certain solvency requirements are met. The benefits are established and calculated by the social insurance organisations on the basis of statutory provisions, while the payments are made by the employer. If an employer chooses this option, he must carry the benefit expenditure himself and may thus wish to take out insurance on his own. In such a situation it is obviously in the employer's interest to assist the employee in returning to work or finding another position as soon as possible, which is a major objective of Dutch government policy.

Originally, it was the government's intention to enable employers to opt out of the statutory system altogether. In that case, they would be obliged to cover the risk of opting out by taking out insurance. Under the rules on free movement of services laid down in the third directive on non-life insurance, insurance companies seated in other Member States can also operate within the

Dutch market. In formulating policy, the government had to pay special attention to the fact that employers and foreign-based insurance companies were free to conclude insurance agreements, but that the workers who depended on these agreements for their subsistence had no say in their employer's choice. Consequently, it was decided that the insurer must have at least a branch office in the Netherlands and a legal representative, and the insurance agreement had to be laid down and implemented in a language the worker was proficient in. Any disputes should be brought before an administrative court in the Netherlands rather than abroad. These restrictions to the free movement of services were aimed at protecting fundamental workers' interests, which stipulate that workers may apply to a designated implementing body in the worker's country of residence, they have the right to correspond in their native language, and can institute proceedings against decisions just like national employees.

Eventually, the government decided to drop the possibility of opting out of the system completely and restricted the payment of benefits to a five year term.

Taking care of dependents

Views on survivors' insurance have shifted. More emphasis is laid on the private responsibility of taking care of dependents. With the introduction of the Survivors' Benefit Act (as from 1 July 1996), the survivor's benefit is only paid to persons born after 1950 and who meet specific requirements; moreover, the benefit is partly related to income.

After 2015, the supplementary allowance which is paid to Dutch old-age pensioners supporting a partner under 65 will be cancelled. Individualisation of social security is taking shape more and more clearly. Elderly people themselves will become increasingly responsible for arranging additional coverage.

AUSTRIA

Privatisation in Austrian Employment Market Administration

On 1 July 1994 a comprehensive organisation reform went into effect in Austrian employment market administration. The state-run administrative branch for the labour market had been disengaged from the federal administrative system and transferred to an independent service enterprise operating under public law, the employment market service.

The tasks of the employment market service consist primarily of attending to the unemployed and companies, paying out benefits during unemployment, and regulating access to the labour market by non-national workers.

The employment market service is arranged into one federal, nine state and approximately 100 regional organisations, with each being run by a committee constituted on a basis of parity. These committees are comprised of representatives from the employment market service and from employers and employees.

By not assuming any tasks unrelated to the labour market, which had been carried out previously by the labour market's administrative branch, the employment market service is supposed to be able to concentrate on the central tasks of work placement and consultation.

Private Work Placement

Work placement has long been carried out in the field of music, art and entertainment by private agencies which receive commissions both from the artists and employers for successfully finding employment for the artists.

Since 1992 work placement has been in effect for employers paying a fee to find executive employees and, in the wake of the organisation reform of employment market administration enacted on 1 July 1994, private work placement became permissible for all professions. In addition, there is now also a placement service run by charitable organisations free of charge. There are now 14 placement agencies for executive employees and 16 remaining private agencies, as well as 38 artist placement agencies and 5 charitable placement services.

The activities of the private placement services were only slight in volume in 1996. One-third of the certified placement agencies did not execute or had not yet executed their services. There were a total of only 945 job placements. There were about 11,000 job-seekers on average in 1996, and the average number of openings was 386.

A steep gain in private work placement is also not to be expected for 1997.

Continued payment of remuneration in case of sickness for white-collar workers

By vertue of the White-Collar Workers' Act of 1921, employers are obliged to continue payment of the full amount of wages during a fixed period - depending on the duration of the working relation - in case of sickness of a white-collar worker. At present, the entitlement to continued full payment of wages is for a minimum of 6 weeks and for 12 weeks maximum and for a further 4 weeks at half of their wages. During 100% continued payment of wages, sickness benefit is not paid; during continued payment of half of their wages, workers are entitled to a sickness benefit amounting to 50% of the total amount.

FINLAND

In Finland the private sector has always played an important role in organising social security. The *Employment Pension Scheme* is fully administered by private pension institutions (pension insurance companies, pension funds and pension foundations). Also *the Statutory Accident Insurance* is handled by private non-life insurance companies.

In *Health Care* the role of the private sector is more limited but still not insignificant. Health care in Finland is arranged as a National Health Scheme, where the municipalities are responsible for both providing and financing health care. Traditionally municipalities arranged the health care services themselves, but today they are free to buy services from each other or from the private sector. (Due to the developed provision level of the municipalities themselves, and also to the fact that private services are mostly available only in cities, this part is still rather limited).

The private sector covers some 20 % of all visits to doctors.

In the health care of employees, *Occupational Health Care* plays an important part. Here the employer organises health care that provides the same services as the primary health care centres. Sometimes also specialist treatment and other services are offered. The services covering primary health care are reimbursed to the employer to 50 % from the Sickness Insurance.

The private sector also plays an important role in *the childrens' day care*. The municipalities are responsible for arranging day care for all children under 7 years. In addition to providing the service in municipal day care centres, the municipalities also acquire day care by buying the service from the private sector. Some municipalities also pay parents, who arrange the day care themselves, an additional bonus on top of the home care allowance available to all who do not use the municipal day care service (the parents can either take care of the child themselves or pay for the care on the private market). The percentage of private day care services is expected to rise. Today the share is ca 6 %.

As from 1 August 1997 the child home care allowance scheme will be reformed. According to the new system parents may choose between a child home care allowance and a private child care allowance.

In services provided to old people the private sector share is ca 10 %.

In the service sector the role of the private sector is generally expected to rise. Instead of providing all services themselves, the municipalities are using private providers. This offers an added flexibility to the schemes. The municipalities still remain responsible for the services and also for the financing.

There have been no other major changes in the structure in the last years. There are no plans to privatise any other parts of social security either.

The advantages of the Finnish scheme are the following:

- The element of market competition between the institutions makes them more service-centred.
- The statutory scheme institutions are supervised by the Ministry of Social Affairs and Health. Thus there is good control of the scheme.
- The social partners play an active role in developing and supervising the schemes

The draw-backs are:

- The scheme structure does not fit well in to straightforward rules concerning the public and private sector agents.
- There are problems of interpretation of EU rules (also Council of Europe standards).

UNITED KINGDOM

"Privatisation" is not, strictly speaking, a word that can be applied to the United Kingdom's social security system, although external "private" suppliers are increasingly involved in supporting the delivery of services, including management of the Department of Social Security's (DSS) estate.

In recent years, it has been Government policy to encourage greater personal responsibility for making financial provision for such life events as retirement from work, to supplement the individual's entitlement to basic State benefits.

One partial exception to this, however, is demonstrated by the history of Statutory Sick Pay (SSP), where responsibility for providing a level of earnings-replacement for employees unable to work because of short-term sickness has been transferred from the State, not to the individual concerned, but to the employer.

When SSP was first introduced in 1983 employers were able to recover 100% of SSP paid out (plus a further 7% to compensate for National Insurance Contributions (NICs) due from the employers on the SSP they were paying); in 1991 the 7% NICs compensation was abolished and the SSP compensation was reduced to 80%. Finally, in 1994 the automatic 80% reimbursement was also abolished. There is, however, still help available for employers with a large percentage of the workforce off sick at any one time who are reimbursed SSP costs exceeding 13% of their monthly National Insurance (NI) bill.

Employees who do not qualify for SSP may be entitled to Incapacity Benefit (IB) if they satisfy the NI qualifying conditions.

Although the Government are, committed to retaining the basic state Retirement Pension (RP) as the foundation of pension provision, they also intend to support and strengthen the framework for occupational pensions in the UK. At the end of 1995 the amount invested in UK occupational and personal private pension funds was approximately £650 billion and 14 million employees had contracted out of the State Earnings Related Pension Scheme (SERPS), whilst retaining their right to basic RP.

DSS currently spends £1.5 billion outside the Department buying in goods and services and is examining the scope for making greater use of external suppliers where they can contribute investment and new ideas to help achieve efficiency in DSS business. Plans include:

- involving external suppliers in the management of the DSS estate. The aim is for DSS to become occupiers of serviced accommodation which meets DSS needs at lower cost, rather than the owners and managers of the property itself;
- outsourcing the delivery of Child Benefit;
- the involvement, for 12 months, of private companies in the delivery of benefits in three of the Benefits Agency's 13 areas; and
- the transfer of the Benefits Agency's Medical Services to the private sector by mid-1997.

EVOLUTION OF SOCIAL PROTECTION

BELGIUM

Reform of statutory pensions for employees and the self-employed

Several royal orders have recently gone into force within the framework law of 26 July 1996, bringing about the modernisation of Social Security and assuring the viability of the statutory pension schemes.

These orders concern the reform of pension schemes for employees and the self-employed. (The new reform measures affecting the statutory

pension scheme of public sector employees are still being negotiated.)

Enforcement Date

The reform applies to pensions taking effect as of 1 July 1997.

Contents of pension reform for employees

Achieving equal treatment for men and women:

On Retirement Pensions:

- by raising the retirement age of women progressively so as to fall in line with that of men, namely 65 years (adjustment completed by 2009)
- by a reform of the pension calculation method: progressive calculation of woman's career by taking into consideration 1/45 - as it is for men- instead of 1/40.

Effect of equalising the retirement age in the other Social Security sectors:

Thus, the age limit for women receiving unemployment and disability benefits is raised progressively to the uniform age of 65 in the same increments as are used for the retirement age described above.

On guaranteed income for the elderly:

The age granting the elderly guaranteed income is levelled off to 65 years for men and women.

The age requirement for female beneficiaries is raised progressively from 61 years (as of 1 July 1997) to 65 years (on 1 January 2009), in accordance with a transitional scheme determined by analogy with the pension scheme.

Current age regulations for 60-year-old women to obtain guaranteed income are maintained in favour of those women whose guaranteed income has taken effect before 1 July 1997.

The possibility of drawing an "early" pension as of 60 has been maintained, provided that every male or female worker works henceforth for a minimum duration of his or her profession, equal to 20 years in 1997 and changing gradually to 35 years in 2005.

A part-time pension in favour of beneficiaries at least 60 years of age has been established.

Compensatory measures aimed at suppressing discrimination of women in the field of employment and pay have been established, measures such as:

- Guarantee a right to a minimum pension for each career year: For each year of one third employment the right to a minimum pension rate, calculated on the basis of the current minimum average monthly income at 21 years of age and adjusted according to this income amount is guaranteed under certain conditions.
- Periods of career interruption for rearing a child under 6 years old are taken into consideration (to a maximum of 36 months total) when calculating the career requirement for being able to draw early retirement pension.

Reform of the social status of the self-employed

As regards pensions the retirement age for women is gradually increased to 65 years (fully adjusted to the age of men by 2009).

A supplementary contribution increase of 7% to be applied the year following one in which no contributions were paid has been established.

The regulations on carrying out an additional, independent activity have been modified: the threshold at which the self-employed, working on a supplementary basis, do not owe contributions has been cut in half.

In the performance of a company's mandate, there is irrefutable presumption that the relevant professional activity is being carried out by a self-employed person.

Social contributions were increased.

A new social insurance for bankruptcy involving the self-employed as head workers (because bankruptcies are doubled in Belgium within 10 years) has been established. This insurance aims to extend rights to health care and family benefits during the four trimesters following the bankruptcy and to grant a replacement income during the two months after bankruptcy (to compensate, to a certain extent, the absence of any right to unemployment allowances).

A global financial management (globalisation of resources) has been established.

Family allowances

Extension of the right to family allowances for 5 years in favour of families with children who have disappeared.

Replacement of "maribel bis et ter" assistance system

As a reminder, this assistance consists of a set reduction in contributions, accompanied by a vari-

able reduction depending on the strength of the company's labour force.

Belgium has been given formal notice by the European Commission to reform this regulation, since it was only directed at sectors subject to strong international competition.

As of 1 July 1997, it will affect all sectors employing workers and consist of:

- a set reduction of BEF 7,000 per year and per worker
- a variable reduction of BEF 42,500 to be multiplied by the percentage of workers in the company (limited to 66%)
- for small companies of less than 6 workers, the reduction is a minimum of BEF 32,000 per worker

Changes to the scheme of the local agencies for the integration into employment ("ALE")

As a reminder, this scheme tends to offer the unemployed the possibility of doing activities unavailable in the normal work channels. The long-term unemployed that have been receiving full compensation benefits are automatically registered and will be expected to do the suitable work, under penalty of administrative sanctions.

Modifications to the scheme primarily target the notion of "authorised activity" and the principle of voluntary enrolment, where there is a shortage of unemployed persons automatically registered.

Establishment of a social identity card for welfare recipients

This card should:

- facilitate the identification of the insured person by Social Security institutions,
- establish an easy electronic exchange of information concerning the insured person and
- assure administrative simplification in fulfilling the obligation of the employer and some institutions to declare the work carried out by the employees.

Thus, as part of their direct relations with the welfare recipients, the Social Security institutions will be obliged as of 1 July 1998 at the latest to make use of the social identity cards matching the individual insured person. This obligation is valuable in satisfying the institutions' obligations in the field of social security, labour law and taxation.

PORTUGAL

Following a normal absence of legislative measures taken in the area of Social Security mainly on account of the change of government in October 1995, certain initiatives have been taken.

These initiatives can be approached at three different levels:

- The creation of a Commission in charge of preparing a White Paper on the social security reform;
- The celebration of an Agreement on Strategic Dialogue between the government and social partners, concerning economic, financial and social measures for the presiding legislature;
- Concrete legislative measures.

With respect to the Commission responsible for the White Paper, the initial period set for presentation of the study was extended by 3 months until the end of 1997.

In its first work phase, the Commission presented in August 1997 a Green Paper on social security for the purpose of a public debate.

Participation in this debate was intense and the Commission's final proposal on the social security reform has already been presented.

With respect to the Agreement on Strategic Dialogue, the basic outlines relating to social insurance are the following:

- Reduction of the non-wage expenses for enterprises and, in certain cases, the contribution costs for workers;
- Expansion of unemployment protection by:
  * increasing the entitlement period for unemployment social allowance when the worker is at least 45;
  * establishing a partial unemployment allowance for workers who already receive an allowance and begin working part time;
  * introducing a contribution ceiling into the general scheme;

* implementing studies on the flexibility of the retirement age for pensions;
* developing supplementary occupational schemes;
* combating evasion of contribution payments and fraud.

These points have already been the subject of studies and even of legislative projects.

Among the newly enacted legislative measures, the most important worth mentioning are the following:

Organisation

Taking into account the importance that an effective co-ordination between employment and social security represents, the Government has decided, without dispelling the fundamental principle of social solidarity, to proceed with merging the Ministry of Qualification and Employment with the Ministry of Solidarity and Social Security.

Therefore, now a Ministry of Labour and Solidarity exists with three State Secretariats: State Secretariat for Employment and Training, State Secretariat for Social Security and Labour Relations and State Secretariat for Social Integration.

Scheme for Self-Employed

The scheme for the self-employed was modified in December 1996.

The changes essentially affected:

⇒ the persons covered;
⇒ the calculation basis of contributions;
⇒ sickness insurance.

At the level of the *persons covered* by this scheme, two changes were made:

First, those persons whose annual amount of income earned from their independent activity is equal to or less than six times the minimum salary are no longer compulsory insured. However, if income drops below this benchmark once insured, the person will continue to be compulsory insured, but calculation of contributions will be reduced to half of the minimum salary, with a minimum limit being 50% of this salary.

Second, a person who begins to be self-employed is only obligated to enrol after the twelfth month.

Yet the self-employed whose incomes are less than half of the minimum salary are free to enrol; those whose incomes are between half of the minimum salary and this salary amount are free to choose a contribution calculation basis equal to or higher than the minimum salary.

Prior to changes in the scheme, the minimum amount used for the *calculation basis of contributions* was that of the minimum salary. Presently, those persons who had incomes below six times the minimum salary during the preceding year benefit, if they place the request, from a calculation basis for contributions corresponding to the average value of real incomes, with the bottom limit being half of the minimum salary.

Sickness insurance for the self-employed was also reduced:

The waiting period for allowance, which was 3 days, will change to 30, except in cases of hospitalisation where no waiting period is required. The duration of allowance will shift to 365 days, while it had formerly been 1095 days.

Inclusion in contribution periods has also become more strict in that wages are only registered from now on for days on which the sickness benefit is paid out, whereas this inclusion process had been previously applied to all days of incapacity.

Unemployment

The duration for receiving unemployment social allowance for workers between the ages of 45 and 55 has been extended by six months.

Family Benefits

An extensive change in the family benefit scheme went into effect in July 1997.

The innovative aspects are essentially the following:

The family allowance, allowance for nursing mothers and birth allowance have all been combined into a single benefit called "Family allowance for children and youth".

The amount of this benefit is determined on the basis of each family's income, the number of eligible dependants and their respective ages.

For this purpose, the incomes of the worker's family are determined on the basis of three tiers adjusted through indexation to the minimum salary:

- up to 1.5 times the minimum salary;
- from 1.5 to 8 times the minimum salary;
- over 8 times the minimum salary.

Thus, the higher the income, the lower the benefit amount.

This benefit is increased according to family income and, during the first 12 months of an infant's life, it is subject to a bonus where the child is handicapped.

The marriage grant has been done away with and the funeral grant only exists for the decease of relatives close to the worker, because another allowance already exists for the death of the latter.

Access to benefits, too, has become more rigid with respect to the contribution period of the worker. This restriction is intended to reduce fraud, with it having been previously sufficient to pay one day of contributions in the course of one year to be entitled to benefits for a 12-month period. But from now on it is necessary to have 6 months of registered payments within the course of the 12 months which precede acknowledgement of entitlement to the aforesaid benefits.

Maternity Protection

The framework law for maternity was modified with respect to the rights of parents of handicapped children or of those who suffer from chronic illnesses and who are not over 12 years old.

In effect, the working mother or father is entitled to a six-month leave which can be extended up to four years. During this period, if the children are seriously handicapped, the parents may request an allowance whose amount may not exceed twice the highest minimum salary.

Employment Injuries and Occupational Diseases

The Parliament has approved a law in this area, whose regulation is currently in progress.

The benefit outline is identical to that of the earlier scheme, but the rules governing calculation of and access to benefits are more favourable.

Verification System of Incapacity

The verification scheme of incapacity in the social security system has been restructured.

Verification of worker's invalidity, which had been previously effected by the health care system, has been successfully transferred to regional social security agencies since 1987. For this purpose, the "Verification System of Long-Term Incapacity" was created.

Temporary incapacity, in turn, is declared by the health care system.

Nevertheless, in certain cases a prolongation of the temporary incapacity status may be subject to confirmation by a "Verification System of the Temporary Incapacity", which has also been instituted within the regional agencies. This restructuring process aimed not only to unify the two systems of verification in such a way as to increase their functioning efficiency and to combat fraud but also to enlarge the intervening aspect of this new system, the "Verification System of Incapacity" (VSI), especially with respect to verification of handicaps.

Invalidity

Taking into account the grave situation that follows from the invalidity of persons affected by AIDS and who, as a rule, have a short contribution career, the Government is in the process of approving a legislative project which would reduce the compulsory contribution period generally required and allow a more favourable calculation of their pensions.

Guarantee of Resources

Even though the law on Minimum Income was expected to go into effect on 1 July 1997, these principles had already been applied earlier in an experimental effort, thus having allowed a more efficient and rapid application of the law.

The minimum income benefit is awarded to persons who are available for work, and its amount corresponds to the difference between the minimum income, whose amount is determined by law, and family income, which depends on the applicant.

Protection coverage, however, is not restricted to a cash benefit awarded by the social security system, but rather it also integrates measures concerning professional integration, training, health care, education and even housing.

Adjustment of Benefits

All benefits have been subject to an adjustment, generally higher than the inflation rate.

A special adjustment of pensions was effected for the oldest persons having longer contribution careers.

SWEDEN

Base amount

The base amount has been raised to SEK 36,300.

Medical care

There have been changes in the co-payment liability for medical care and drugs. Previously, the liability was limited to a maximum of SEK 2,200/year.

The list of diseases and associated treatments that attracted 100% reimbursement has been abolished. Full reimbursement, funded by the counties, is now limited only to insulins.

All non-diabetic patients now have to pay the full cost of all prescribed medication until they reach an accumulated total spending of SEK 400 in a 12-month period. For costs between SEK 401 and SEK 1,200, SEK 1,201 and SEK 2,800, and SEK 2,801 and SEK 3,800, the reimbursed portion is 50%, 75% and 90% respectively, and the maximum outlays are SEK 800, SEK 1,200 and SEK 1,300. When the costs in a year exceed SEK 3,800 and the accumulated out-of-pocket spending is SEK 1,300 any additional medicine prescribed is free-of-charge to the patient, with the costs absorbed by the counties. Costs for children under 18 years of age within a family unit may be added together.

Liability for other health services costs is limited to SEK 900.

Sickness insurance

Sick pay period

The 14-day sick pay period, during which the employer provides sick pay to the employee in case of sickness, has been extended to 28 days.

Parental insurance

The possibility of drawing parent's cash benefit at 3/4 of a full benefit has been introduced and the raised benefit level during 60 days in connection with child birth has been abolished.

Survivor's pensions

The general period during which adjustment pension is given has been shortened from twelve months to six months.

MISSOC is the Mutual Information System on Social Protection in the Member States of the European Union and has been established upon the initiative of the European Commission, Directorate-General V. Its aim is to provide an exchange of information between the member states as well as to provide information for all relevant institutions responsible for the administration of social protection, the social partners and the interested public.

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