



Implementation of the 2014 Council recommendations on the 2014 National Reform Programmes and examination of relevant country-specific issues in the Commission 2015 Country Reports in the area of social protection and social inclusion:

2015 SPC country-specific multilateral conclusions, including joint conclusions with the Council Working Party on Public Health at Senior Level on issues in the area of health



The Social Protection Committee

| | |
|----------------------|----|
| BELGIUM | 3 |
| BULGARIA | 4 |
| CZECH REPUBLIC | 7 |
| GERMANY | 8 |
| ESTONIA | 10 |
| IRELAND | 11 |
| SPAIN | 13 |
| FRANCE | 15 |
| CROATIA | 17 |
| ITALY | 19 |
| LATVIA | 20 |
| LITHUANIA | 22 |
| LUXEMBOURG | 24 |
| HUNGARY | 25 |
| MALTA | 27 |
| NETHERLANDS | 29 |
| AUSTRIA | 31 |
| POLAND | 33 |
| PORTUGAL | 35 |
| ROMANIA | 37 |
| SLOVENIA | 39 |
| SLOVAKIA | 41 |
| FINLAND | 43 |
| SWEDEN | 44 |
| UNITED KINGDOM | 45 |



BELGIUM

(reviewed by the United Kingdom and the Commission)

CSR #3: Contain future public expenditure growth relating to ageing, in particular from pensions and long-term care, by stepping up efforts to reduce the gap between the effective and statutory retirement age, bringing forward the reduction of early-exit possibilities, promoting active ageing, aligning the retirement age to changes in life expectancy, and improving the cost-effectiveness of public spending on long-term care.

On the pension branch of the recommendation:

Belgium has made clear steps in addressing the issue of an ageing population and the economic pressure this entails. SPC acknowledges the measures undertaken to address the gap between the effective and statutory retirement age such as the increase in the minimum age and minimum career length for early retirement, the increase of the minimum age for survivor pensions, the gradual reform of the civil servant pension scheme with the aim of extending the average working career and labour market availability of future old age unemployed. Belgium continues to take measures to effectively realise its old-age security reforms, including by further developing its active ageing policies in order to face the long-term sustainability challenge and to increase the employment rate of older workers. Partial retirement and hazardous working conditions are to be further examined.

SPC concludes that BE has made clear steps in addressing CSR 3. The SPC invites Belgium to continue closing the gap between the statutory and the effective retirement age and continue its plans for aligning effective retirement age and pension benefits to changes in life expectancy.

On the long-term care branch of the recommendation:

The 2014 Council recommendation is a follow-up recommendation. SPC takes note that the implementation of this recommendation continues. Following the request of the BE delegation, the Committee carries-on its opinion from 2014.

Belgium has made some progress towards ensuring the fiscal sustainability of long-term institutional care by launching an e-health action plan for 2013-2018 and by introducing monitoring tools to assess the health status and the living conditions of elderly people in different care settings (BelRAI). The 6th State reform in Belgium transfers some of the competences to the federated entities on long-term care. It is too early to assess whether this will lead to improvements in the effectiveness of the system as a whole.

SPC acknowledges Belgium's efforts to support innovative projects related to alternative and supporting long-term care for the elderly that, when fully implemented, may have a positive influence on the sustainability, efficiency and effectiveness of long-term care services.



BULGARIA

(reviewed by Ireland and the Commission)

CSR #2: Adopt a long-term strategy for the pension system, proceeding with the planned annual increase in the statutory retirement age and setting out a mechanism to link the statutory retirement age to life expectancy in the long term, while phasing out early retirement options and equalising the statutory retirement age for men and women. Tighten eligibility criteria and procedures for the allocation of invalidity pensions, for example by taking better account of the remaining work capacity of applicants. Ensure cost effective provision of healthcare including by improving the pricing of healthcare services while linking hospitals' financing to outcomes, accelerating the optimisation of the hospital network and developing out-patient care.

On the pension branch of the recommendation:

In order to increase the retirement age, Bulgaria introduced a new requirement in 2015 based on actual contributory period with the aim of limiting the possibility for granting of invalidity pension due to general disease. A working group was established with the aim of finding balanced and sustainable solutions in order to increase the revenue and reduce the costs in the social security system. It is considering issues such as equalization of the retirement age for men and women and a mechanism for aligning the statutory retirement age with the life expectancy in the long term, as well as reducing the early retirement options.

A more ambitious equalisation of the pensionable ages of women and men would be needed in order to address in particular concerns about the adequacy of pensions for older women presenting lower participation rates in the labour market and shorter contributory periods, leading to lower outcomes from the mandatory pay-as-you-go and funded scheme. Given that Bulgaria is one of the fastest-ageing societies in the EU, an increased labour market participation of older workers, men and women, is key to improve the system's long-term adequacy and sustainability, also in associating social partners. The future measures to be taken to limit easy access to invalidity pensions need to be implemented and in this regard actual efforts in strengthening the control should be enhanced. Also, as announced by BG, adequacy of minimum pension amounts should be reconsidered.

On the health branch of the recommendation:

In terms of ensuring cost-effective provision of healthcare, Bulgaria has developed a National Health Strategy 2014-2020. Within it, the "Health Goals 2020" concept specifies national objectives for the protection of public health and defining long-term priorities in the field of healthcare based on an efficient use of resources for health, including by re-grouping of financial resources, and through the establishment of a national health information system and provision of public access to the system through an electronic identifier.

The development of the emergency medical care is promoted by subsidizing medical establishments and updating medical standards. Legislative amendments to the Health Insurance Act related to pharmaceuticals aim at assessing the quality of pharmaceutical therapies and evaluating the effectiveness of the pharmaceutical therapies and optimizing the spending based on medical evidence. A central authority for public procurement in the "Healthcare" sector will launch public



The Social Protection Committee

procurement procedures for framework agreements for the supply of pharmaceutical products, also by establishment of the electronic platform.

Amendments and supplements were adopted concerning the planned interventions aimed at optimizing the hospital care and reducing the number of hospital beds, with a focus on improving the diagnosis, quality and access to treatment of diseases that are major causes of death and permanent disability, including urgent diagnosis and treatment in outpatient and hospital settings. Also measures regarding the development of out-patient care and improving the pricing of healthcare services are being announced.

With regards to the development of out-patient care, a revision of the medical standards for hospital and outpatient care is planned through the revision of the relevant by-law by 2016.

Legislative measures with regard to all types of categories have been taken to improve the collection of health insurance contributions and to reduce the number of persons without health insurance, including by developing social mechanisms concerning the third category of persons without health insurance. SPC and the Council WPPHSL invite Bulgaria to follow the reform program in order to ensure accessibility and quality of health care services.

Bulgaria continues to face important health challenges: shorter life-expectancy, low level of spending particularly on primary health care services, uneven access to good quality health care services and out-of-pocket payments affecting the access to health care services. SPC and the WPPHSL conclude that the proposed measures go in the right direction, but efficient implementation of the National health strategy, on the basis of the concepts developed, is essential with the aim of improving quality of the overall health care spending while ensuring adequate funding.

CSR #3.../...

Improve the effective coverage of unemployment benefits and social assistance and their links with activation measures. Take forward the comprehensive review of minimum thresholds for social security contributions so as to make sure that the system does not price the low-skilled out of the labour market.

.../...

In order to alleviate poverty, further improve the accessibility and effectiveness of social services and transfers for children and older people.

With regards to the first element of the recommendation related to the coverage of unemployment benefits and social assistance and their links with activation measures, the Bulgarian government has introduced some measures related to unemployment benefits while there are no planned or adopted measures to increase social assistance's effective coverage or increase its link with activation measures. Amendments and supplements in the Social Insurance Code, in force as of 1 January 2015, provide for mandatory insurance for a broader set of social risks, including short-term or part-time employed persons who previously did not having access to unemployment insurance. However, the size and impact of these measures needs further clarification. Programmes for supporting employment promotion are also being discussed but further clarity on their objectives is necessary before assessing their activation potential. The Bulgarian government has engaged in discussion with social partners to review the minimum social security contributions thresholds and



The Social Protection Committee

some studies have been undertaken. A comprehensive review is planned together with joint measures with the social partners to review the negotiation mechanism.

With regards to the last element of the recommendation related to improving the accessibility and effectiveness of social services and transfers for children and older people, an action plan for implementation of the National Strategy for Reducing Poverty and Promoting Social Inclusion 2020 is expected to be developed in 2015. This is a positive development which should be used as an opportunity to strengthen interaction with stakeholders, to involve people experiencing poverty at working group levels, and to set realistic targets alongside robust and adequate monitoring and reporting mechanisms. With regards to accessibility of social transfers, the changes to the criteria for heating benefit have resulted in an increase by over 20% of the number of beneficiaries. In order to improve the legal framework in the field of children and family policy, a draft act amending and supplementing the Family Allowance Act was developed and publically discussed. The draft Law is about to be approved by the Council of Ministers. Amendments to the Rules for Implementation of the Social Assistance Act have entered into force as of the beginning of 2015. In addition, proposals for amending the Social Assistance Act were developed in order to fully guarantee the rights of the users of social services and their participation in the provision of the services. With a view to improving the planning, management, financing, quality and efficiency of social services, a special Social Services Act will be developed.

The SPC takes note of the reported measures, but highlights that further progress is necessary as significant policy challenges remain: the current levels of poverty and social exclusion are still very high and the effectiveness of social transfers (excluding pensions) in reducing poverty remain much below the EU average.

Overall, SPC concludes that while there have been some actions, these are still not conclusive and their effective impact is to be monitored and evaluated. Further progress and clearer policy follow-up is encouraged.

CSR #4.../...

... implement strictly the rules linking the payment of child allowance to participation in education.

Linking child allowance to school attendance is regulated in the Family Allowance Act and the Regulations for its implementation and has been applied for over 10 years. As of September 2013, the same rules are applied for preschool education. This appears to be a positive step towards further implementation of this initiative but full assessment of its effective impact requires longer time horizon. The sanctions that are imposed on defaulting families of both pre-school and school children along with increased levels of monthly inspections and monitoring are likely to raise awareness and compliance with the regulatory requirements among the target population.

The SPC takes account of the policy measures put in places, but encourages further policy effort, and comprehensive monitoring and evaluation in order to ensure the effective impact of the measures in question.



The Social Protection Committee

CZECH REPUBLIC

(reviewed by Sweden and the Commission)

CSR #3: Ensure the long-term sustainability of the public pension scheme, in particular by accelerating the increase of the statutory retirement age and then by linking it more clearly to changes in life expectancy. Promote the employability of older workers and review the pension indexation mechanism. Take measures to improve significantly the cost-effectiveness and governance of the healthcare sector, in particular for hospital care.

On the pension branch of the recommendation:

The 2014 Council recommendation N3 is a follow-up recommendation the SPC takes note that the implementation of this recommendation continues. Following the request of the CZ delegation, the Committee carries-on its opinion from 2014.

CZ amended the indexation mechanism for pensions: pensions will be indexed as follows: 100% CPI and 1/3 of real wage growth. For 2015 a guaranteed minimum indexation of pensions of 1.8% was applied. This decision reversed the previous indexation rule which reduced the adequacy of pensions. An Expert Committee on pension reform will further review the pension indexation mechanism. As regards the increase of the retirement age in line with the life expectancy, a special Committee on the pension reform assessed the pace of the needed increase of the retirement ages against the demographic developments and the situation in the labour market and agreed on principles of regular revision mechanism of the statutory retirement age. The SPC invites the CZ to monitor the capacity of the pension system to ensure adequate benefits as well as to keep older workers in employment by reducing early exits and to consider aligning retirement age and pension benefits to changes in life expectancy.

On the health branch of the recommendation:

In order to deliver efficient health care, the Czech Republic is taking measures limiting unnecessary hospitalizations by cultivation of DRG payment method, improving the transparency of hospital cost-effectiveness by mandatory publication of contract amendments for payments and reducing the overhead costs of health insurance companies. The Czech Republic also enforces national e-Health strategy measures, e.g. interoperability and active role of patient as part of the national Health 2020 strategy. The planned application of Public Non-Profit Hospital Law aims at improving the transparency by introducing transparent management practices to large hospitals.

SPC and the Council WPPHSL conclude that the measures outlined go in the right direction in terms of better governance and improving hospital care and encourage their swift implementation.



GERMANY

(reviewed by Cyprus and the Commission)

CSR #1: .../...

Make additional efforts to increase the cost-effectiveness of public spending on healthcare and long-term care. Ensure the sustainability of the public pension system by (i) changing the financing of new non-insurance/extraneous benefits ('Mütterrente') to funding from tax revenues, also in order to avoid a further increase of social security contributions, (ii) increasing incentives for later retirement, and (iii) increasing the coverage in second and third pillar pension schemes.

.../...

On the pension branch of the recommendation:

With the pension package both the legal maximum contribution rates and the minimum security levels are complied with while at the same time the continuation of the policy of a pension at age 67 is ensured on a long-term basis. In this respect, by increasing the statutory retirement age and by introducing the sustainability factor the long-term sustainability of the pension system has been achieved. Given the financial situation of the pension insurance scheme and despite the expansion of benefits under the pension package, it has been possible to further reduce the pension insurance contribution. The temporary nature of a deduction-free pension at 63 will have no significant long term effects on later retirement or on pension sustainability. Also the mothers' pension, intending to reward the generative contribution and hence improves benefits particularly for women, will be phased out progressively due to demographic trends.

The SPC invites Germany to continue to ensure sustainability of the public pensions systems and to expand the coverage of 2nd and 3rd pillar schemes in order to compensate the anticipated decrease in public pension replacement rates in the future so to protect effectively the elderly from poverty, while also considering incentives to enhance coverage of low income groups.

On the health branch of the recommendation:

Germany has taken steps in addressing the recommendation, in particular through the reform of financial structure of the statutory health insurance system and the enhancement of its quality, the continuation of the price moratorium for pharmaceuticals, the strengthening of the role of general practitioners as gate-keepers, the envisaged hospital reform and the adoption of the disease prevention and health promotion act as well as the inclusion of previously uninsured persons into the health insurance system.

SPC and the Council WPPHSL welcome these measures which have been adopted or will be adopted in 2015. These reforms go in the right direction and their swift implementation will ensure appropriate follow-up.

On the long-term care branch of the recommendation:

Germany has adopted a First Act to strengthen long-term care in December 2014. The SPC takes note of the government plans to increase the statutory determined contribution rate for long-term care



The Social Protection Committee

over the of which 0.1 percentage points will finance a new fund (“Demografiereserve”) and 0.4 percentage points will be used to finance the improvement of the services in cash and in-kind.

A Second Act to strengthen Long-Term Care is planned to become effective at the beginning of 2017. It will introduce a new procedure for the assessment of long-term care needs that will consider, for the first time, support needs that are due to cognitive and psychological impairments, specifically those related to dementias, for long-term care insurance purposes.

The SPC concludes that Germany is in the process of implementing important measures to address the Council recommendation and invites Germany to continue making efforts to improve the fiscal sustainability and cost-effectiveness of long-term care services, in view of the increasing demand foreseen in the next decades due to the demographic change.



ESTONIA

(reviewed by Slovenia and the Commission)

CSR #2: .../...

Target activation efforts by ensuring the timely adoption and implementation of the work capacity reform. Increase the efficiency and cost-effectiveness of family policy while improving the availability and accessibility of childcare.

.../...

With regards to the first element of the CSR related to the timely adoption and implementation of the work ability reform, Estonia is proceeding with the adoption and implementation of the Work ability reform package supposed to be operational in January 2016. The reform is focused on activation with an expected outcome of 50% of people with partial work ability participating in the labour market and 10-15% of benefit recipients leaving the scheme by 2021.

With regards to the second element of the CSR related to increasing the efficiency and cost-effectiveness of family policy, the Estonian government has finalized a green paper on family benefits, parental leaves and services which includes a set of policy recommendations. The follow-up is planned for 2015. Further to that, as of 1 January 2015, the child allowances have been increased and the parental benefits regulation has been reviewed in order to avoid possible distortionary labour market effects.

SPC concludes that Estonia has taken significant steps but substantial effort is required during 2015 in order to ensure successful implementation as of January 2016.

CSR #5: .../...

Improve the efficiency of local governments and ensure the provision of quality public services at local level, especially social services complementing activation measures.

A draft Social Welfare Act, aiming at improving the quality of local government social welfare services by setting minimum requirements to the services, has been discussed and is to be submitted to the newly formed Government in the first half of 2015. ESF resources are foreseen to be used to improve the accessibility and quality of social welfare services.

SPC highlights that well-established system of social services on local level is very important, including for all reforms where activation measures are foreseen, including the Work ability reform. SPC concludes that Estonia has started addressing the issues but progress is still limited and is conditional upon further policy follow-up on the draft legislation that has been prepared.



The Social Protection Committee

IRELAND

(reviewed by Bulgaria and the Commission)

CSR #2: Advance the reform of the healthcare sector initiated under the Future Health strategic framework to increase cost effectiveness. Pursue additional measures to reduce pharmaceutical spending, including through more frequent price realignment exercise for patented medicines, increased generic penetration and improved prescribing practices. Reform the financial management systems of the national health authority to streamline systems across all providers and to support better claims management. Roll out individual health identifiers starting by the end of the first quarter of 2015 at the latest.

Ireland has begun to implement a wide range of reforms in the healthcare sector. The Future Health Strategic Framework for Reform of the Health Service 2012-2015 is an ambitious medium-term plan based on four pillars: health and wellbeing, service reform through an integrated model of care, structural reform, and financial reform with as objective of transforming the two-tiered system into a system based on universal health insurance partly supported by general taxation.

The White Paper on Universal Health Insurance was published on 2nd April 2014 and provides detailed information on the UHI model for Ireland. The Department of Health is undertaking a major costing exercise to examine the cost implications of a change to a multi-payer, UHI model, as proposed in the White Paper. The initial results from this exercise will be available in April 2015, following which the Minister for Health will revert to Government with a roadmap on the next steps to UHI.

Other reforms moving ahead include the roll-out of the system of unique health identifiers which is complex. As the initiative is primarily a patient safety one it requires significant planning and care. With regard to reference pricing a system of internal reference pricing has already been established. An activity-based funding (ABF) model for budget allocations in the 38 largest public hospitals has been introduced in respect of inpatient and day-case activity on a phased basis from 2014, but a full switch to activity-based funding is a multi-year project.

SPC and the Council WPPHSL conclude that Ireland has made important steps in addressing the Council recommendation. They take note of the ongoing reform in the health care sector, highlight the need for moving forward with the implementation of the relevant measures and monitoring of the effects of the reforms on the health care system and its capacity to provide quality health outcomes.

CSR #4: Tackle low work intensity of households and address the poverty risk of children through tapered withdrawal of benefits and supplementary payments upon return to employment.

.../...

In 2015, the Irish government has introduced the Back to Work Family Dividend, a new welfare scheme to support unemployed parents with children who take up employment, which targets the long-term unemployed and adults not in the labour market due to caring responsibilities. Further to that, the 2015 Budget includes an increase of the child benefit payments. The One Parent Family Payment, a means-tested income support for lone parents, has also undergone reform in the direction of reducing long-term welfare dependency among lone parents, with the major impact



The Social Protection Committee

expected in 2015. The expected results of these schemes as well as the additional measures, including new tailored schemes, such as after-school care, will contribute to tackling the low work intensity of households and addressing child poverty. Further to that, the Irish government is developing a complex and integrated approach to child poverty as one of the priority actions in the area of child and youth policies and has in 2014 adopted a specific child poverty reduction target.

The SPC concludes that Ireland has taken relevant measures and their impact needs to be closely monitored in the future.



SPAIN

(reviewed by Luxembourg and the Commission)

CSR #1: .../

Continue to increase the cost-effectiveness of the healthcare sector, in particular by further rationalising pharmaceutical spending, including in hospitals and strengthening coordination across types of care, while maintaining accessibility for vulnerable groups.

.../...

This is a follow-up recommendation from 2013 and the Spanish delegation has requested a carry-on of the 2014 SPC-WPPHSL conclusion as follows:

Spain has taken comprehensive and relevant measures to respond to the health branch of the 2013 Council recommendation N1. The comprehensive health care reform enacted in 2012 aims at increasing efficiency and control of health expenditure in decentralised health care system. Spain reported public costs savings generated mainly from measures taken to optimise the use and prescription of pharmaceuticals. We note in particular the following measures:

- a. reviewing the basket of services,
- b. the introduction of means-tested co-payments,
- c. the introduction of reference prices for pharmaceuticals and of a centralised pharmaceutical purchasing platform
- d. the creation of a single health card gradually implemented across all regions

SPC and the Council WPPHSL note that Spain anticipated the 2014 Council recommendation (health branch). However, the reform also led to concerns regarding access to health care services. Spain is invited to continue monitoring how the reform affects the access to health care services and implement the measures planned in the National Action Plan for Social Inclusion in order to ensure effective access to the health care system.

CSR #5: Implement the 2013-2016 National Action Plan on Social Inclusion and assess its effectiveness covering the full range of its objectives. Strengthen administrative capacity and coordination between employment and social services in order to provide integrated pathways to support those at risk, and boost, among the Public Administrations responsible for the minimum income schemes, streamlined procedures to support transitions between minimum income schemes and the labour market. Improve the targeting of family support schemes and quality services favouring low-income households with children, to ensure the progressivity and effectiveness of social transfers.

The Spanish government has taken a number of measures in the context of the implementation of the 2013-2016 National Action Plan on Social Inclusion, in particular those that have been subject of a regulation or approval of a Strategy or Plan, such as the promotion of social inclusion for those further away from the labour market, the guarantee of economic support to persons at risk and the access to quality services. However, a thorough assessment of the Action Plan against the full range of its objectives is still to be undertaken.



The Social Protection Committee

Some progress has been done in strengthening administrative capacity and coordination between employment and social services, through a combination of the minimum income and measures for activation.

Other recent policy measures address severe material deprivation of families with children by funding social interventions projects as well as in cash and/or in kind benefits to improve their social and working situation. A special allocation aims at fighting child poverty, especially child poverty among the Roma population.

The reforms introduced by the Royal Decree-Law 1/2015 are targeted to the most vulnerable, low income or over-indebted people and families, in particular to regulate the second opportunity for debtors, the stop housing repossessions, the exemption of judicial fees, the reduction of tax burden in favour of large single-parent families etc. As this law has been introduced in 2015, it is too soon to assess its implementation and impact.

SPC takes account of the many reforms and measures as reported by the Spanish government. However, it is important that the implementation and evaluation of the National Action Plan for Social Inclusion is done with priority. Addressing the challenges of low-income households with children would benefit from a comprehensive framework which can combine the single measures put in place. SPC invites Spain to continue its implementation of the recommendation and accompany them with appropriate monitoring and evaluation arrangements.



The Social Protection Committee

FRANCE

(reviewed by Hungary and the Commission)

CSR #1: .../...

In particular, take steps to reduce significantly the increase in social security spending as from 2015 as planned, by setting more ambitious annual healthcare spending targets, containing pension costs, and streamlining family benefits and housing allowances.

.../...

Beyond the need for short-term savings, take steps to tackle the increase in public expenditure on health projected over the medium and long term, including in the area of pharmaceutical spending, and take additional measures when and where needed to bring the pension system into balance by 2020 in a sustainable manner covering all schemes, with a special focus on existing special schemes and complementary schemes.

On the social protection branch of the recommendation:

France has continued the family policy reform in order to both better address the needs of low income families and generate savings by improving the efficiency and equity of existing provisions. Accordingly, means-tested adjustment of family allowances was adopted within the Social Security Funding Act for 2015, with the objective of better targeting and important savings.

SPC concludes that while France has taken up some important steps in streamlining family benefits and consequently reducing social security spending, further progress is required and specific measures related to housing allowances are still to be put forward.

On the health branch of the recommendation:

France has managed to maintain the growth of its health care expenditure below its national health expenditure target for four consecutive years without undermining the high quality and accessible health care services as well as the good health status of the French population. Regarding health care spending, the national health insurance expenditure target (ONDAM, Objectif national de dépenses d'assurance maladie) will see its rate of growth capped at 2% on average over the 2015-2017 period, representing an overall savings effort of €10 billion over three years. The deployment of a comprehensive national health strategy will be focused on enhancing the efficiency of hospital expenditure transition towards out-patient treatment, developing the use of generic medicines and reducing unnecessary and redundant treatment, thus generating some ambitious savings in the medium- and long-term in health insurance.

SPC and the Council WPPHSL welcome the on-going and planned reforms which go in the right direction and can contribute to improving cost-effectiveness.

On the pension branch of the recommendation:

France took relevant measures to comply with the recommendation reforming the 'régime général' of its pension scheme. Although the special pension schemes have not been subject of a specific reform, they are also affected by the new measures in view of a convergence with the general scheme. The 2014 pension law includes a cluster of an appropriate mix of measures that align the



The Social Protection Committee

retirement age and pension benefits to changes in life expectancy, by increasing contribution periods. Further to these measures, the reform also includes provisions enhancing the equity of the overall scheme by allowing workers with physically demanding jobs to collect points convertible in vocational training, part time or early retirement; by improving the pension adequacy of women, and of workers on part time or with interrupted employment history. Also some new negotiations between social partners have started in February 2015 with a view to balancing the complementary pension schemes in view of lowering the financial burden of public budget participation.

The SPC takes note that a special Committee may address recommendations for further reforms and highlights the need for monitoring of the effects of the recent reforms on the entire pension system and its capacity to provide sustainable and adequate benefits.



The Social Protection Committee

CROATIA

(reviewed by Slovakia and the Commission)

CSR #2:...

Reduce access to early retirement. Adopt legislation by March 2015 to accelerate the planned harmonisation of statutory retirement ages of women and men and to advance the planned increase of the statutory retirement age to 67 years. Ensure enforcement of tighter disability pensions assessments and controls and accelerate the integration of pensions under special schemes into the general pension system. Strengthen the cost-effectiveness of the healthcare sector, including hospitals.

On the pension branch of the recommendation:

A major reform has been adopted in 2014 and the impact of the reforms has to be evaluated in a monitoring process. For disability pensions a new standardized disability assessment methodology is in force from 1st of January 2015. Also in view of keeping people in the workplace the existing list of hazardous professions is going to be revised and a new restricted list will be introduced with the aim of reducing the number of workplaces for which a limited pension insurance career is applicable. Special pension rights of military and police officers will be revised in order to avoid unequal treatment also in respect to early exit from labour market. No specific actions for harmonizing statutory retirement ages for men and women have been reported.

SPC invites Croatia to monitor the capacity of the pension system to ensure adequate benefits in the future and to keep older workers in employment by reducing early exits, also by considering a comprehensive active ageing strategy in the context of the social inclusion policies.

On the health branch of the recommendation:

A number of measures have been taken or are planned to strengthen the cost-effectiveness of the healthcare sector, including hospitals, and prevent a further build-up of arrears. The main measures include the introduction of a new reimbursement scheme for hospitals, the National Hospital Development Plan and the joint procurement project. The authorities are putting in place new contracting arrangements for hospital care. Joint public procurement for hospitals is already delivering savings. A transition to a partial retrospective payment system based on diagnosis-related groups is scheduled.

SPC and the Council WPPHSL consider these measures to go in the right direction and invite HR to follow the reform program in order to ensure accessibility and quality of health care services.

CSR #4: Review tax and benefits systems by the end of 2014, and present an action plan to improve the reactivation of inactive and unemployed persons. Strengthen the effectiveness and transparency of the social protection system by further consolidating benefits, unifying eligibility criteria and linking data from all relevant levels and government entities in the "one-stop shop". Improve the effectiveness and adequacy of social assistance benefits through their better targeting.



The Social Protection Committee

In September 2014, the Croatian government started the implementation of a project to build a single register database of all social benefits on local and regional level to which beneficiaries are entitled. This database is to be used in the review of the tax and benefit system and a report is under preparation which should inform the Action Plan for consolidation of the social benefits and tax measures, planned for adoption by June 2015.

Consolidation of social benefits into one single benefit GMS (Guaranteed Minimum Standard) is planned according to the Action Plan of consolidation of social benefits. The introduction of the guaranteed minimum standard aims at tackling the significant regional disparities in living standards. Croatia is in the process of establishing “one-stop shops” for the administration of social benefits. This will contribute to a better control over some local, regional and national benefits. They are supposed to contribute to savings and more efficient human resources management. SPC concludes that in Croatia further progress is necessary with regards to strengthening the effectiveness and transparency of the social protection system and improving the effectiveness and adequacy of social assistance benefits through better targeting.



ITALY

(reviewed by Finland and the Commission)

CSR #5: .../...

Work towards a more comprehensive social protection for the unemployed, while limiting the use of wage supplementation schemes to facilitate labour re-allocation.

.../...

Adopt effective action to promote female employment, by adopting measures to reduce fiscal disincentives for second earners by March 2015 and **providing adequate care services**.

.../...

To address exposure to poverty and social exclusion, scale-up the new pilot social assistance scheme, in compliance with budgetary targets, guaranteeing appropriate targeting, strict conditionality and territorial uniformity, and strengthening the link with activation measures. Improve the effectiveness of family support schemes and quality services favouring low-income households with children.

Italy has implemented some actions to address the relevant aspects of CSR 5. An unemployment assistance scheme (ASDI) is in the process of being established with a focus on single persons and active search for a job. A pilot project on the social assistance scheme (SIA) has been carried out in 12 metropolitan cities and a new long-term strategy against poverty and social exclusion is currently in the consultation procedure with a planned adoption date before the summer break and implementation during the following budget process. The Social Service Information System decree, published in early March, should allow for improving programming, monitoring and evaluation of policies and better targeting. Some measures have been put in place to address the effectiveness of family support and services available for low-income households with children, including a “baby bonus” scheme for low-income families, but progress is limited. Similarly, serious territorial differences in the availability of childcare persist with some funding made available in the context of the Stability Law but still unclear impact.

SPC concludes that while progress has been made the scale of reform necessary is substantial and the impacts are likely to be seen in broader terms in a longer time span. Italy should continue its efforts in implementation a comprehensive and integrated social provision and ensure future funding availability and predictability in order to effectively address the challenge.



The Social Protection Committee

LATVIA

(reviewed by Malta and the Commission)

CSR #3: Reform social assistance and its financing further to ensure better coverage, adequacy of benefits, strengthened activation and targeted social services. Increase coverage of active labour market policies. Improve the cost-effectiveness, quality and accessibility of the healthcare system.

On the health branch of the recommendation:

Latvia is facing important challenges regarding access to healthcare for vulnerable groups, high out-of-pocket spending and a sufficient labour supply of the sector. Additional funds were made available in 2014 to improve the accessibility of healthcare services, but more needs to be done. To ensure access to health care services for vulnerable groups, the Social Safety net activities, introduced in 2009, are still in force. This is welcome, but a structural solution would be necessary. Further to that, activities for disease prevention and health promotion are important part of health policy in LV and new incentives are under elaboration, such as Action Plans regarding HIV/AIDS prevention, reduction of alcohol consumption, tobacco control, nutrition regulation etc A health care Workforce Strategy and its Implementation Programme for 2006-2015 was already adopted in 2005 and Public Health Strategy for 2014-2020 provides continuation of the Healthcare Workforce Strategy aims. In December 2014 an agreement with International Bank for Reconstruction and Development was signed in order to provide a support for development of a health system strategy for priority areas in Latvia.

SPC and the Council WPPHSL welcome the new initiative under preparation in the area of health promotion and disease prevention and the planned increase in funding for that purpose. Further efforts are necessary to improve the cost-effectiveness, quality and accessibility of the healthcare system.

On the social protection branch of the recommendation:

With regards to the social assistance reform, significant amount of analytical and planning work has been undertaken, but implementation remains spread over the next two years. The Latvian government has pointed out the need to address the social assistance reforms in a comprehensive manner and in relation to other important factors such as tax policy, universal benefits, etc. Amendments to the social assistance regulation have been announced but agreement has not yet been reached. In 2014, the Latvian authorities adopted and presented plans to introduce the minimum income level and its equivalence scales from 2017, thus highlighting Latvia's political commitment on future measures. The planned measures will lead to the aligning of several benefits with the justified minimum income level and consequently, appropriate budgetary plans are necessary. A new social policy monitoring information system has been also launched, facilitating monitoring of social assistance benefits and services and providing better information on the challenges on the ground. A new programme targeting long-term unemployed is to be launched but further progress in activation and provision of further targeted social services is necessary.

SPC concludes that Latvia has made effort, especially in terms of a thorough analytical preparation of the reforms in question, but it is still subject to further consultation with relevant stakeholders. SPC invites Latvia to continue its efforts in reforming its social assistance system and strengthening activation and targeted social services.



The Social Protection Committee

On pensions issues raised in the 2015 Commission Country Report:

SPC takes note of the Latvian reporting on recent pension reforms which address pension sustainability and adequacy aspects through increasing the statutory retirement age and minimum service years qualifying for old-age pension rights as well as through amendments of the pension indexation rules. The life expectancy after retirement is directly used for aligning pensionable age with life expectancy.



LITHUANIA

(reviewed by Romania and the Commission)

CSR #2: Adopt and implement legislation on a comprehensive pension system reform. In particular, align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes. Underpin pension reform with measures that promote the employability of older workers.

The 2014 Council recommendation N2 is a follow-up recommendation. The SPC takes note that the implementation of this recommendation continues. Following the request of the Lithuanian delegation, the Committee carries-on its opinion from May 2014.

Lithuania has implemented focused measures in line with the recommendation (the increase of the retirement age from 2012 aiming to reach 65 years for women and men in 2026 and the legal amendments for improving complementary pension saving).

Currently, the retirement age in Lithuania is increasing faster than the average life expectancy of the population is increasing. Since 2014 certain changes of the Pension Accumulation System came into force encouraging people to save funds for retirement.

The SPC invites Lithuania to consider enhancing the comprehensiveness of the reform to ensure improved future sustainability and adequacy of the system and takes note of the fact that the Government is committed to prepare and submit to the parliament in the second quarter of 2015 a draft legislation concerning the implementation of the pension reform on aligning the retirement age to increasing life expectancy, increasing an obligatory insurance period necessary for awarding full pension, introducing clear rules for indexation of pension based on objective economic and demographic assumptions.

Moreover, active ageing measures should enhance the effects of the reforms. As life expectancy is improving, aligning the statutory retirement age with life expectancy should be considered in the long term. Importantly, the issue of both the present and future adequacy of pensions needs to be addressed further.

CSR #4: Ensure adequate coverage of those most in need and continue to strengthen the links between cash social assistance and activation measures.

Lithuania has completed in 2014 the Reform of the Cash Social Assistance System and introduced amendments to the Law on Cash Social Assistance for Poor Residents. The reform package includes measures related to: i) establishing an uniform model of social assistance provision as an independent municipal function funded from the municipal budgets; ii) establishment of uniform standards of social assistance provision at municipal level; iii) simplified access to cash social assistance to individuals who have started to work as self-employed or are social assistance providers or carers of low-income people.



The Social Protection Committee

The system of providing cash social assistance and bringing social assistance provision closer to the beneficiaries was improved by making local authorities responsible but also held accountable for the delivery of social assistance benefits and social assistance measures and policies targeting the poorest people.

With regards to activation measures, a proportional reduction of cash social benefits has been introduced to increase the motivation of working age people to enter the labour market and reduce long-term dependency on social assistance. These provisions can reduce possibilities of abuse but do not necessarily contribute to improved coverage or adequacy.

The SPC concludes that Lithuania has made efforts on initiatives related to simplification and more transparent delivery. The impact of the implemented measures needs to be carefully monitored in order to ensure that more rigid criteria for social benefit recipients do not result in reduced coverage of those most in need if they cannot find a job. Furthermore, the link between social assistance and activation measures needs to be improved and monitored against the share of recipients who effectively find a job on the labour market and cooperation with public employment services needs to be enhanced.



LUXEMBOURG

(reviewed by Spain and the Commission)

CSR #2: In view of ensuring fiscal sustainability, curb age-related expenditure by making long-term care more cost-effective, pursue the pension reform so as to increase the effective retirement age, including by limiting early retirement, by aligning retirement age or pension benefits to change in life expectancy. Reinforce efforts to increase the participation rate of older workers, including by improving their employability through lifelong learning.

On the long-term care branch of the recommendation:

Luxembourg has planned a structural reform of its long-term care scheme. In this context, an open debate has taken place in the Parliament, pointing out the different pillars underlying the upcoming reform. The reform aims to alleviate the increase of expenditures, while maintaining the quality of long-term care. The reform is expected to be implemented in 2017. Over the medium-run, the Government has introduced specific measures on its 2015 budget bill aiming at a reduction of the projected annual increase in related expenditures. However, the extent to which the priorities in terms of strengthening prevention, rehabilitation and independent living as tools for increasing cost-effectiveness are taken up is still to be seen. SPC encourages Luxembourg to keep these objectives in consideration, and especially the focus on prevention, in the process of elaboration of the draft reform planned for the end of the year.

On the pension branch of the recommendation:

In 2016 a Pensions Committee will analyse, upon an actuarial report, the coherence of the provisions underlying the pension reform with the evolution of longevity. In order to increase the participation rate of older workers with partial work incapacities, a draft bill on the professional redeployment contains measures aiming to smooth the transition between the labour market and retirement, including by combining partial old-age benefits with income from part-time work.

SPC considers that the legislated and planned reforms appear insufficiently ambitious and entail long transition periods and as such Luxembourg is making limited progress in addressing the CSR. The main issues appear to be the need to increase the effective retirement age while reducing the widespread access to early exit and early retirement options in order to increase the participation of older workers in the labour market. The forthcoming reform on work incapacity should deal with these challenges while avoiding a new pathway to early exit from labour market.



The Social Protection Committee

HUNGARY

(reviewed by France and the Commission)

CSR #4: .../...

Improve the adequacy and coverage of social assistance while strengthening the link to activation. In order to alleviate poverty, implement streamlined and integrated policy measures to reduce poverty significantly, particularly among children and Roma.

On the first part of the recommendation, Hungary has reported changes to the system of social cash benefits as of 1 March 2015, which ensure clear division of state and local government responsibilities in the field of granting and regulating social benefits and modification of the financing according to the newly defined responsibilities. The benefits of state competency are expected to be strengthened as their financing is granted from the central budget. Monitoring and uniform application of rules is expected to be more effective as the number of offices responsible is much smaller. All benefits of local responsibility are to be defined in terms of eligibility and amounts by the local authorities. State support is granted to local governments without sufficient resource to finance their social benefit systems

With respect to activation, as of March 2015 the social benefit for the long-term unemployed is of the competency of the district offices, similarly to active labour market measures. Stronger cooperation between social and labour market offices is, thus, expected.

The SPC notes that there has been some measures put in place by Hungary but the real impact of adequacy and coverage is still uncertain. Proper monitoring and evaluation arrangements are essential in this respect in order to ensure that the reform measures put in place respond to the challenges identified.

The second part of the recommendation (2nd sentence) is a follow-up recommendation from 2012 and 2013. The SPC takes note that the implementation of this recommendation continues. Following the request of the Hungarian delegation, the Committee carries-on its opinion from 2014:

The measures presented by Hungary are ambitious and rely on a number of already available instruments and programmes, some running for several years (particularly in the fields of Education, Health). New initiatives, financed from European Social Funds, were launched in 2013. The monitoring system was reviewed; a database involving specific set of indicators for the monitoring of the National Social Inclusion Strategy was under preparation.

An evaluation of the implementation of the Plan was first made in 2012, and a new evaluation was available in May 2013, based on a monitoring system under preparation, without further details being given at that stage.

Hungary has implemented adequate measures in line with its National Social (Roma) Inclusion Strategy which the Council recommended to be implemented.

The SPC invites Hungary to:

- a. communicate the evaluation results foreseen for 2013;



The Social Protection Committee

- b. explain better in the forthcoming NRP which measures have been implemented after June 2012;
- c. maintain its efforts to mainstream the social inclusion of the Roma with other policies.



The Social Protection Committee

MALTA

(reviewed by Latvia and the Commission)

CSR #2: To ensure the long-term sustainability of public finances continue the ongoing pension reform, such as by accelerating the already enacted increase in the statutory retirement age and by consecutively linking it to changes in life expectancy. Ensure that a comprehensive reform of the public health system delivers a cost-effective and sustainable use of available resources, such as strengthening primary care.

On the pension branch of the recommendation:

Malta adopted parametric pension reform measures in 2006. Some of these measures came into force in 2007, while others came into force on 1 January 2011, also by increasing statutory retirement age. These reforms have contributed towards the sustainability and adequacy of pensions. The Government of Malta has indicated its commitment to ensure the long-term sustainability of pensions in Malta by standing ready to introduce, where necessary, further reforms to the first pillar pension whilst exploring the role of supporting pillars, notably in the labour market. A Pensions Strategy Group (PSG) has drawn up a holistic pension reform strategy while also considering a strong active employment policy.

SPC is of the opinion that measures to further increase the retirement age, including by aligning it to life expectancy, should be operational in the long run with the view to improve the sustainability of the pension system. The SPC takes note of Malta's view that no further measures are considered necessary in this regard in the short and medium term. The SPC invites Malta to further consider female pension coverage, progress on the third pillar pension scheme also for low income groups and to further develop its active ageing strategy.

On the health branch of the recommendation:

The conduct of comprehensive reforms of the public health system to ensure the delivery of a cost-effective and sustainable use of available resources has been high on the political agenda in Malta over the past few years. Malta has stepped up its reform efforts with some measures already giving positive results. Strategic investments to underpin revision of existing processes whilst shifting the focus of care away from hospital into the primary health care setting continue to increase in momentum. Malta took a number of relevant measures with the view to improve the governance of its health care system, further promote healthy life-styles and disease prevention and strengthen primary health care. These measures have the potential to improve the cost-effectiveness of the health care system as well as to contribute to achieving better sustainability.

SPC and the Council WPPHSL consider that Malta has implemented a significant set of measures to address the recommendation. They invite Malta to complete the on-going consultations on the strategic documents related to the health care reform and pursue the implementation of the planned measures while closely monitoring their effect on cost-effectiveness.



The Social Protection Committee

On social protection issues raised in the 2015 Commission Country Report:

SPC takes note of the reporting by the Maltese government on the announcement of several reforms targeting the efficiency and effectiveness of the social protection system and in turn, the prevention and reduction of poverty. Important initiatives to address child poverty have been included in the 2015 Budget and a Strategic Framework for Poverty Reduction and Social Inclusion was launched in 2014. The SPC welcomes these policy initiatives and suggests close monitoring in terms of their impact on poverty reduction and poverty prevention.



The Social Protection Committee

NETHERLANDS

(reviewed by Poland and the Commission)

CSR #2: When the economic environment allows, step up efforts to reform the housing market by accelerating the reduction in mortgage interest tax deductibility, by providing for a more market-oriented pricing mechanism in the rental market, and **by further relating rents to household income in the social housing sector. Monitor the effects of the social housing reforms in terms of accessibility and affordability for low-income households. Continue efforts to refocus social housing policies to support households most in need.**

This 2014 Council recommendation is a follow-up recommendation.

With regard to the references to social housing in recommendation N2, the Netherlands took relevant measures to relate rents to household income and refocus social housing corporations on supporting households most in need. The main measures are:

- a. the design of a new system for calculating maximum rents which takes into account the value of the property in setting the rent of the dwelling (to start as of 1.10.2015);
- b. A system for income-related rent increases depending on the household income with three different caps has been in force since 1.07.2013. Through this system, lower income households are largely compensated for rent increases by means of a rent subsidy (no change in the status of the policy measure).
- c. the adoption of legislation that requires housing corporation to separate their services of general economic interest and their other activities in two legal entities (by at least a separation of accounting sheets). This will re-focus social housing corporations on their core tasks of providing and managing the social housing stock in the Netherlands. The legislation includes a requirement for housing corporations to assign affordable houses for lower income groups and will be implemented stepwise of 1.07.2015.

The SPC is of the view that the Netherlands responded adequately to this part of the recommendation.



The Social Protection Committee

CSR #3: Implement reforms of the second pillar of the pension system, ensuring an appropriate intra- and inter-generational distribution of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to improve the employability of older workers. Implement the envisaged reform in the area of long-term care with a view to ensure sustainability, while ensuring fair access and the quality of services and monitor its effects.

On the pension branch of the recommendation:

The 2014 Council recommendation is a follow-up recommendation. The SPC takes note that the implementation of this recommendation continues. Following the request of the NL delegation, the Committee carries-on its opinion from May 2014.

The SPC highlights in particular the legislative measures, implemented in 2014, to improve the distribution of financial shocks among pension funds and the new rules for pension indexation which should limit excessive variations in the pension premiums. The package of measures to improve the employability of older workers has also been implemented. This entails reducing the possibility of using combined severance pays and unemployment benefits as an early exit route into retirement, increasing the earned income tax credit for workers on low income, refocusing the mobility bonus for employers on older workers aged 55+ and introducing plans to be implemented with the social partners in different sectors, as well as re-integration activities for older workers receiving different benefits.

On the long-term care branch of the recommendation:

The Netherlands has implemented in January 2015, as planned, a major structural reform of its long-term care system. The main objectives of the reform are related to cost reduction, quality improvement and paradigm shift from formal to informal care.

Transition arrangements have been made with the Association of Dutch Municipalities and other partners (representatives of insurers, care providers, clients) for the reforms to be implemented as smooth as possible. To prevent clients from getting excluded, monitoring arrangements and 'hotlines' (meldpunten) have been set up in consultation with the client organizations.

Implementation of the plans to reform would help curb the fast-rising costs of ageing and contribute to the sustainability of public finances. Success of the reform is conditional upon its smooth implementation given its broad magnitude, the ability of the government to contain costs beyond 2017 and ensuring the quality of the services rendered. Careful monitoring of the implementation of the reform will be necessary to ensure the delivery on its objectives.

SPC welcomes the measures taken by the Dutch government which constitute a relevant response to the Council recommendation.



AUSTRIA

(reviewed by Greece and the Commission)

CSR #2: Improve the long-term sustainability of the pension system, in particular by bringing forward the harmonisation of the statutory retirement age for men and women, by increasing the effective retirement age and by aligning the retirement age to changes in life expectancy. Monitor the implementation of recent reforms restricting access to early retirement. Further improve the cost effectiveness and sustainability of healthcare and long-term care services.

On the pension branch of the recommendation:

Austria continued to implement a number of measures in the pension sector related to reforms approved in recent years. Austria has taken some relevant measures to reduce the gap between the effective retirement and statutory retirement age as well as to restrict access to early retirement, including by reforming the disability pension scheme and a introducing a monitoring tool to evaluate budgetary impact. In addition a forecast tool will developed for pension credits. The SPC takes note that Austria does not plan to bring forward the equalization of the retirement age between women and men due to constitutional reasons and to align statutory retirement age to life expectancy. SPC concludes that some progress has been made in addressing the recommendation. Austria is invited to continue taking measures to further rise the effective retirement age and continue considering aligning retirement age and pension benefits to changes in life expectancy and to assess the social impact of measures introduced, also considering the quality of the working places.

On the health branch of the recommendation:

SPC and the Council WPPHSL note that the on-going health care reform aims to overcome the institutional fragmentation of health care services in order to achieve better coordination in the planning, governance and financing of the inpatient and outpatient services with the view to control the growth of health care expenditure. They also take note of the AT intention to strengthen outpatient health care, to reduce the number of hospital inpatient admissions and to limit the high number of hospital beds.

SPC and the Council WPPHSL welcome the health care reforms planned for the period 2013-2016 which go in the right direction of addressing the Council recommendation. They invite AT to reflect on simplifying where possible the governance arrangements and to balance the current structural reforms with more attention to prevention and monitoring the quality of services.



The Social Protection Committee

CSR #3: .../...

Reinforce measures to improve labour market prospects of people with a migrant background, women and older workers. **This includes further improving** childcare and **long-term care services** and the recognition of migrants' qualifications.

.../...

Austria has made some progress in addressing the Council recommendation on improving the cost-effectiveness and sustainability of long-term care services through legal amendment concerning the care requirements per month to receive a benefit in cash in case of need of long-term-care by increasing the eligibility criteria and thus, streamlining the access to long-term care benefits in cash. In terms of improving financing, the Long-Term Care Fund has been renewed from 2016 to 2018.

The SPC concludes that Austria' has made some effort to address the Council recommendation and welcomes the fact that AT is pursuing the objective of reducing the differences between regions in the availability of formal care services and the measures for supporting informal care. SPC encourages Austria to continue its effort in ensuring the cost-effectiveness and long-term sustainability of high quality long-term care across the country, including by fostering preventive health care, rehabilitation and independent living.



The Social Protection Committee

POLAND

(reviewed by the Netherlands and the Commission)

CSR #1: .../...

In that regard, minimise cuts in growth-enhancing investment, **improve the targeting of social policies and the cost effectiveness of spending and the overall efficiency of the healthcare sector**, broaden the tax base for example by addressing the issue of an extensive system of reduced VAT rates, and improve tax compliance, in particular by increasing the efficiency of the tax administration.

.../...

On the social protection branch of the recommendation:

This part of the 2014 Council recommendation is a follow-up recommendation.

Poland has taken some measures to address the need for improving the targeting of social policies.

The SPC highlights in particular the proposed amendments to the Act on social assistance which aim to improve the effectiveness and efficiency of the social assistance in Poland by :

- a. simplifying the provision of benefits,
- b. introducing new organizational structure
- c. reforming long-term care facilities and their financing

Further to that, amendments to the Act of Family Benefits are foreseen to enter into force on 1.01.2016 with the scope of changing the rules on granting family benefits and setting their levels. Under the current law, families lose the family benefit once they exceed the prescribed eligibility income level. The proposed amendment will reduce the family benefit by the amount equal to the family income in excess of the eligibility income level, until it is phased out completely.

The Ministry of Finance and the World Bank, together with the Ministry of Labor and Social Policy, are currently conducting a pilot review of public expenditure in the area of social protection. The objective of the review is to identify measures/programs supporting low income families and attempt to determine their effectiveness and efficiency. First results are expected in the first half of 2015 and are to be taken into consideration in the drafting of the national budget bill for 2016.

SPC concludes that the proposed measures constitute a relevant response to the Council recommendation.

On the health branch of the recommendation:

Poland has amendment the Act on health care service introducing tools targeted on the improvement of cost effectiveness of allocation of public resources such as: health care needs maps, plans of financing health care services, opinions on the desirability of the investment's plans. The waiting lists, changes in the system of referrals, the better management of the process of concluding agreements on providing health care services and conducting the pricing of the health care services based on factual and reasonable data of service's costs will also have significant influence on improving effectiveness of spending in the health care sector. A "Policy paper on health protection



The Social Protection Committee

for 2014–2020. National strategic framework” was elaborated, combining goals, strategic directions, health care provision and public health priorities. The Government is currently working on an amendment to the act on health care information system. Legislative works on the project of the Act on public health are being conducted and a new edition of the National Health Program is being elaborated.

Reforms of the Polish healthcare system are necessary to improve the accessibility and overall efficiency of the system. SPC and the Council WPPHSL consider the set of legal acts which have recently been adopted, to be a first step in the right direction but further efforts are necessary, including their effective application by all stakeholders.

CSR #3: .../...

Include farmers in the general pension system, starting by speeding up the creation of the system for the assessment and recording of farmers' incomes. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform by stepping up efforts to promote the employability of older workers to raise exit ages from the labour market.

The 2014 Council recommendation is a follow-up recommendation.

Poland is taking preparatory measures to reform the farmer’s social security scheme (KRUS). As of January 1, 2015, farmers who found extra employment under contracts of mandate or as members of governing boards are not mandated to leave the KRUS pension system, but may elect to stay in it. That change in the law was intended to encourage farmers to seek employment outside of the agricultural sector and eventually leave it altogether. Two other measures have been planned addressing farmers’ sectorial labour mobility, namely the support for small farms and the development of non-agricultural jobs for farmers. Their effects would need to be monitored. The Rural Development Programme 2014-2020 contains a series of non-agricultural activity support measures which encourage farmers to leave the agricultural sector; they thus induce them to move to the general pension system. The SPC encourages PL, with a view to improving sectorial labour mobility, to take permanent steps to reform the KRUS.

Poland has implemented relevant measures to increase the employment rate of older workers including an active ageing policy and other more specific measures, especially through the new Programme Solidarity across generation 2014-2020, that aims at increasing the employment rate of people in the age of 55-64 up to 50% in 2020.

The SPC takes note that no changes are foreseen on the pension schemes of miners and invites PL to carefully assess the impact of the recent pension reform on the future adequacy of pensions.



The Social Protection Committee

PORTUGAL

(reviewed by Denmark and the Commission)

CSR #1: .../...

Develop by the end of 2014 new comprehensive measures as part of the ongoing pension reform, aimed at improving the medium-term sustainability of the pension system. Control healthcare expenditure growth and proceed with the hospital reform.

.../...

On the pension branch of the recommendation:

Portugal's recent pension reforms have made the system more financially sustainable, but the impact on future pension adequacy is less certain. In the medium and long run, the adequacy of pensions will crucially depend on longer and less interrupted working lives for both men and women, given that the Portuguese population is set to age substantially over the next few decades. Concerning new comprehensive measures it should be pointed out that there was an attempt made by the government to discuss with the largest opposition party an overall agreement and long-term solutions for pensions, following the limited room for manoeuvre available after successive negative decisions of the Constitutional Court.

In 2015 minimum pensions corresponding to insurance careers with up to 15 contributions years were adjusted by 1%. Also non-contributory social pensions and pensions granted under the special social security scheme for agricultural activities were also increased in 2015 in order to strengthen the social protection to those in need. After a suspension period of almost three years, temporary provisions allowing early retirement came into force in the beginning of 2015, in order to reward beneficiaries with long contributory periods.

The SPC takes note of the reform progress and encourages PT to ensure a more comprehensive pension system reform, also taking into account future demographic evolution.

On the health branch of the recommendation:

Health system reforms in Portugal continue to produce results. Hospital-sector reforms and cost optimisation have contributed in recent years to savings in the healthcare sector. Progress has been made on hospital reform and other healthcare-related reforms. The authorities have also launched initiatives to increase and incentivise the supply of health professionals in areas where access to healthcare is particularly problematic. In 2015, there are two mechanisms to ensure the stabilization of public expenditure on pharmaceuticals: an agreement with the industry whereby the companies pay a contribution to observe the cap on public expenditure, and a claw back which is a compulsory tax on sales, for those companies that do not join the agreement. The main policy measures supporting the decrease in 2015 expenditure are linked to a further progress in hospital reform, a further rationalization of hospital operational costs, a centralized purchasing of goods and services, a new regime of conventions with private providers, a continued publication of clinical guidelines that include cost-effectiveness analysis, the implementation of a health technology assessment system and the creation of a system for patient electronic medical registers, combating fraud and targeting a share of generics of 60 %.



The Social Protection Committee

SPC and the Council WPPHSL welcome the progress made on the hospital care and other health related reforms in the areas of pharmaceutical spending, centralised procurement and development of eHealth, which are expected to produce important reduction in expenditure in the National Health Service. These are considered steps in the right direction. Further efforts and close monitoring of health expenditure growth are encouraged.

CSR #3: .../...

Ensure adequate coverage of social assistance, including the minimum income scheme, while ensuring effective activation of benefit recipients.

SPC notes that the implementation of the Adjustment Programme has brought increasing challenges in terms of public intervention, particularly within the scope of social protection and social inclusion. Portugal has implemented the Social Intervention Local Network, which aims at creating an organizational model of coordinated and integrated intervention with public or private entities being responsible for social assistance through a contractual arrangements principle. In order to address high poverty levels, the Portuguese government has put in place measures to protect low pension recipients and low income earners. While there has been a 10% increase in the amount of unemployment allowance to families with dependent children until the end of 2015, latest national statistics still show an important share of unemployed people who are covered by neither the unemployment protection nor the minimum income schemes.

While relevant measures were taken to protect the most disadvantages groups, SPC concludes that Portugal needs to continue making efforts to ensure that structural reforms lead to adequate coverage of social assistance, including the minimum income scheme.



The Social Protection Committee

ROMANIA

(reviewed by Lithuania and the Commission)

CSR #2: .../...

Finalise the pension reform started in 2010 by equalising the pensionable age for men and women.

The 2014 Council recommendation is a follow-up recommendation. The SPC takes note that the implementation of this recommendation continues.

Romania intends to amend the Public Pension Law (the law is currently awaiting adoption by the Parliament) in order to increase the statutory retirement age for women at 65 as of 2035, thus bringing it in line with the statutory retirement age for men which will reach 65 in 2015. This reform is an adequate response to the Council Recommendation on Romania's National Reform Programme issued in July 2013 and 2014.

SPC notes that the standard contributory period had already been set to increase by 2030 to 35 years for both men and women. The Committee highlights that the success of the planned reform depends on the capacity of the labour market to employ and keep women in employment until they reach the statutory retirement age. This would require a balanced mix of active ageing measures creating employment opportunities for older workers, as well as the expansion of care facilities for children and dependent older people in order to remove the current obstacles to female labour force participation.

CSR #3: Step up reforms in the health sector to increase its efficiency, quality and accessibility, including for disadvantaged people and remote and isolated communities. Increase efforts to curb informal payments, including through proper management and control systems.

Romania continues the health reform system. Progress was recorded in terms of increasing access of persons belonging to remote and isolated communities to quality health care, e-health programs, modernization of health and reduction of excessive hospitalization. The main objectives of the reform are included in the National Health Strategy 2014-2020, approved by the end of 2014. The strategy covers the following areas: public health and health care (with a focus on improving the health of women and children, reduce morbidity and mortality of non-communicable diseases ensuring equitable access - especially for vulnerable groups - to healthcare quality and efficient in terms of cost), health research, e-health technologies and health infrastructure (the national, regional and local). To improve the quality of health system, Romania is implementing a project that aims to calculate the actual cost of hospital services and the development of benchmarks for the costs of providing services in hospitals to ensure efficient management of financial resources in hospitals. In order to reduce the excessive use of hospitalization was increase the funds allocated for outpatient care and primary health care to encourage treating patients in ambulatory specialist and the family physician. For reducing informal payments, the project Good Governance in the health system aims to develop a coherent policy to prevent and combat corruption in health.

SPC and the Council WPPHSL consider that Romania has made progress in addressing the Council recommendation. The envisaged reforms go in the right direction and already show first results. Given the magnitude of challenges proper implementation is crucial.



The Social Protection Committee

CSR #6: In order to alleviate poverty, increase the efficiency and effectiveness of social transfers, particularly for children, and continue reform of social assistance, strengthening its links with activation measures.

Romania continues its efforts to implement measures to reduce poverty and social exclusion. In 2014 the measures adopted by Government aimed at improving the legislation in social assistance and increase the amount of social benefits targeted to poor families with children (e.g. increase in the placement allowance, the family allowance, the daily food allowance). Disability benefits have also been increase by 16% as of January 2015.

An emergency ordinance adopted in October 2014 increases the financial allowance for children placed in alternative care and introduces a one-off allowance equal to the minimum wage on exit from the system. A national strategy for protecting and promoting the rights of the child was adopted in December 2014. The adoption of the Strategy for Social Inclusion and Combatting Poverty and its action plans has been postponed to March 2015.

The law on Minimum Social Insertion Income program is foreseen for the first half of 2015 and aims at better targeting the beneficiaries of social transfers and reducing administrative costs. The program will also be extended to provide not only cash but also services. It is expected that this policy initiative will increase both the number of beneficiaries of means-tested programs and the benefit levels that they receive, especially of households in the poorest quintile.

Romania has also put in place minimum quality standards for social services designed for elderly, children and disability which were approved in 2014 and 2015.

SPC concludes that Romania has advanced in implementing measures to reduce poverty and social exclusion and improve the social assistance legislation. The adoption of the new law on Minimum Social Insertion Income has the potential of increasing the effectiveness and efficiency of social transfers. Policy efforts and implementation of planned measures should continue and their impact needs to be closely monitored.



The Social Protection Committee

SLOVENIA

(reviewed by Estonia and the Commission)

CSR #1: .../...

Launch a comprehensive review of expenditure covering state and local government levels, direct and indirect budget users and municipality-owned providers of utilities and services in the area of healthcare by the end of 2014 with a view to realising budgetary savings in 2015 and beyond.

An in-depth analysis of the health system will assess of how successfully health expenditures are delivering value for money. First activities are starting in mid-March 2015. The health expenditure review will provide actionable evidence on how resources for health are generated and spent to allow the Slovenian government to identify and implement reforms so that the health system achieves better outcome and can secure long-term sustainability. The expenditure review as well as the Resolution on National Health Care Plan (2016-2025) will contribute to the healthcare reform, to be implemented gradually from 2016 on. Solidarity, equality, accessibility, and quality remain the key values for all changes.

SPC and the Council WPPHSL consider that Slovenia has taken steps to address the Council recommendation and encourages further implementation and follow-up.

CSR #2: Based on the public consultation, agree measures to ensure the sustainability of the pension system and adequacy of pensions beyond 2020, encompassing adjustments of key parameters, such as linking the statutory retirement age to gains in life expectancy and encouraging private contributions to the second pillar of the pension system. Contain age-related expenditure on long-term care by targeting benefits to those most in need and refocusing care provision from institutional to home care.

On the pension branch of the recommendation:

The Slovenian pension reform entailed increasing and gender equalizing the pensionable age, reducing the access to early retirement, increasing the number of years used in benefit calculations and introducing bonus/malus rules in the case of pro-longed or shortened work careers. In addition, the indexation of pensions was changed and steps to halt the drop in the value of new pensions taken. Also the pension reform has been underpinned by a number of measures aimed at increasing the employment rate of older workers.

SPC notes that Slovenia has chosen not to align the statutory retirement age to life expectancy in the medium and long run. Elements of a further pension system reform are to be discussed in the context of a White Book due to be published by the end of 2015.

SPC invites Slovenia to report on future reform of the pension system, also by carefully considering social sustainability of the pension system.



The Social Protection Committee

On the long-term care branch of the recommendation:

The reform of long-term care is closely linked to the preparation of the reform in the health care so that the preparations for the new LTC legislation were slightly extended. Slovenia presented its plans for reforms of the long-term care sector as part of the SPC ex-ante coordination of major social policy reforms. In terms of financing of the long-term care sector, the reform envisages a compulsory public insurance to which active and inactive population will contribute complemented by a payment of special private contribution (levy) for LTC services or an alternative compulsory private LTC insurance for the adult population and an optional additional voluntary private insurance for non-standard LTC services and accommodation costs in LTC institutions. In addition, the reform envisages a single entry point, a uniform expert procedure for LTC needs assessment, a process of preparing individual care plans and training measures for informal carers. The presented reform plan has a high degree of ambition, which is proportionate to the challenge of the current policy status quo with pressures on both coverage and access to LTC and its fiscal sustainability.

SPC considers the planned reform as an adequate response and invites Slovenia to further proceed with its implementation.



SLOVAKIA

(reviewed by Croatia and the Commission)

CSR #1: .../...

Improve the long-term sustainability of public finance by increasing the cost-effectiveness of the healthcare sector, in particular by rationalising hospital care and management and by strengthening primary care.

This recommendation is a follow-up recommendation from 2013. Slovakia has requested to carry on the SPC-WPPHSL 2014 conclusion for the first part of the recommendation, as follows:

Slovakia shows compliance with the health branch of Council recommendation N1 from 2013. The reported measures belong to a comprehensive Strategic Framework for health adopted in December 2013 which has the potential to improve the cost-effectiveness of the Slovak health care system and some of the main health indicators which lag behind EU averages. At the same time the ageing of the general practitioners and the low density of GP(s) on the national territory creates a significant challenge for the effective functioning of the health care system by burdening the hospital sector and limiting the access to care. The SPC and the WPPHSL invite Slovakia to enhance the implementation of the strategic framework and to pay particular attention to the administrative capacity of the bodies involved in its implementation.

With regards to the second part of the recommendation calling for a rationalisation of hospital care and management and strengthening primary care, a majority of hospital have introduced a financial management system in the hospital sector based on regular monitoring and evaluation. In addition economics of scale are focused by stratification and a specialisation of hospitals. Also new hospital infrastructures are planned on a PPP basis.

SPC and the Council WPPHSL consider that Slovakia has taken some steps to address this part of the Council recommendation on increasing the cost-effectiveness of the healthcare sector, in particular by rationalising hospital care and management and by strengthening primary care. SPC and the Council WPPHSL invite SK to enhance the implementation of the strategic framework and to pay particular attention to the administrative capacity of the bodies involved in its implementation.

CSR #3: More effectively address long-term unemployment through activation measures, second-chance education and tailored quality training. Enhance the capacity of public employment services for case management, personalised counselling and activation of jobseekers, and strengthen the link between activation and social assistance.

.../...

Slovakia launched a number of reforms aimed at addressing disincentives in the social benefit system. A reform aiming at improving the activation of long-term unemployed through enhancing in-work benefits has entered into force on 1 January 2015. It will allow the simultaneous drawing of the special benefit in material need for jobseekers, who start working on a low wage, for up to 12 month. The expected outcome is the increase of income for the individual or the whole household, positive motivation of working-age people and long-term unemployed which should assist them in finding and retaining a job.



The Social Protection Committee

SPC concludes that Slovakia has made improvement in addressing the relevant issues. As this is a new measure, the impact would be only visible after a certain amount of time. Proper monitoring and evaluation arrangements are essential in this respect.



FINLAND

(reviewed by Italy and the Commission)

CSR #2: Ensure effective implementation of the ongoing administrative reforms concerning municipal structure and social and healthcare services, in order to increase the cost-effectiveness in the provision of public services.

SPC and the Council WPPHSL welcome the political agreement reached in Finland as regards the reform of the social and health care services but takes note that the reform will not be finalised before 2016. According to the agreement all social welfare and healthcare services will be delivered by an adequate number of strong regional providers. These regional providers will constitute a clear and single tier administration for the organisation of social welfare and health care services. They will be based on the current specific catchment areas and rely on existing structures. This will ensure continuity in the provision of high quality services. Municipal taxes will finance the provision of social and health care by the new regions based on weighted capitation. Regions will be granted the capacity to collect users' fees. It is expected that the integration of social welfare and healthcare services with sufficiently large population bases will have positive impact on the sustainability gap of public finances and will significantly improve the productivity in the provision of public services.

SPC and the Council WPPHSL invite Finland to continue its effort to achieve a meaningful reform. Monitoring the transitional arrangements in this important shift of responsibilities from a high number of municipalities to the new regions is important in order to maintain the quality and access to the services.

CSR #3: Improve the use of the full labour force potential in the labour market, including by improving the employment rate and the employability of older workers, and increasing the effective retirement age, by reducing early exit pathways and aligning the retirement age or pension benefits to changes in life expectancy.

.../...

The SPC takes note that the implementation of this recommendation continues. The SPC notes that the scope of the reforms results from an agreement between the Government and the Social Partners that will take effect in 2017. The agreement will be legislated once the details have been successfully established. Several working groups are working on the practical implementation and a monitoring commission will be put into place. To reduce early exit pathways, Finland abolished some categories of early pension benefits and raised the minimum age for partial early pension. Considering that Finland is among the fastest-ageing country in the EU, further efforts are needed to increase the effective retirement age in line with life expectancy. Lowest retirement age will be increased and age limits will be aligned to life expectancy. Early retirement options will be reduced and partial pensions will be ended. Early retirement will still be possible for people faced with hard working conditions. The SPC considers That FI should closely monitor the impact of the reform on the employment situation of older workers, also considering quality work places older men and women.



The Social Protection Committee

SWEDEN

On pension and social inclusion issues raised in the 2015 Commission Country Report:

SPC takes note that the at-risk-of-poverty rate (AROP) measure does not fully capture the feature of Swedish housing benefit system for pensioners or their wealth. As a result the measure tends to overestimate AROP for women above 65 years. The most important factor behind AROP is living in a single household, followed by age and gender. Since women on average have a higher life expectancy than men, a higher proportion of the elderly are women and compared to other Member States, Sweden has a high proportion of single households. Finally, estimates of AROP based on EU-SILC and on Swedish official statistics differ and the former tend to overestimate AROP for women above 65 years of age.



UNITED KINGDOM

(reviewed by Belgium and the Commission)

CSR #4: Continue efforts to reduce child poverty in low-income households, by ensuring that the Universal Credit and other welfare reforms deliver adequate benefits with clear work incentives and support services. Improve the availability of affordable quality childcare.

This 2014 Council recommendation is a follow-up recommendation.

The UK Government implements a serious reform aimed at reducing jobless households, preventing increases of poverty in a context marked by budget consolidation and broadening access to affordable high-quality and fulltime childcare services.

The SPC welcomes the focus on administrative simplification and better service delivery for claimants introduced by the Universal credit as well as the strong focus on extending childcare use for disadvantaged families. These measures are fully in line with the principles of active inclusion. Yet the strong emphasis on tackling financial disincentives to work (which remains essential) could, to some extent, overshadow the need for a more individual follow-up to beneficiaries. The SPC notes that the success of the Universal Credit will to a high extent depend on beneficiaries' ability to find a job, which remains challenging in the current context.

The UK responded to the Council recommendation with relevant measures. The SPC invites the UK to:

- a. continue closely following the impact of Universal Credits on children whose families may encounter major difficulties in entering the labour market;
- b. assess the longer term impact of reforms affecting the Sure Start Children's Centres (which had been recognised as good practices and served as an inspiration), in particular in terms of ensuring access to a non-stigmatising provision, as well as sufficient social mix in these centres.