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From: The Social Protection Committee
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Subject: 2018 SPC country-specific multilateral conclusions on the implementation of the 2017 CSRs

Delegations will find attached the SPC conclusions on the implementation of the 2017 Council recommendations on the 2017 National Reform Programmes in the area of social protection and social inclusion: 2018 SPC country-specific multilateral conclusions, including joint conclusions with the Council Working Party on Public Health at Senior Level (WPPHSL) on issues in the area of health.



**Implementation of the 2017 Council recommendations on the 2017
National Reform Programmes in the area of social protection and
social inclusion:**

*2018 SPC country-specific multilateral conclusions, including joint conclusions
with the Council Working Party on Public Health at Senior Level (WPPHSL) on
issues in the area of health*

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BULGARIA

CSR 3:

.../... Increase health insurance coverage, reduce out-of-pocket payments and address shortages of healthcare professionals. .../...

The compulsory health insurance scheme in Bulgaria guarantees access to a package of medical services for the insured. Those without health insurance have access to emergency or hospital care only. No recent numbers on the share of population without health insurance were reported by Bulgaria. Available data indicates that around 12 % of the country's population does not have health insurance coverage. Bulgaria reports on certain steps taken to expand the range of services provided to the insured (thus reducing out-of-pocket payments), as well as to expand the health insurance coverage. The service expansions will only enter into force later in 2018, with the signing of the new framework contract between the National Health Insurance Fund and the Bulgarian Medical and Bulgarian Dental Associations.

Bulgaria also reports that fewer doctors have left the country in recent years, while the number of medical students and newly graduated doctors have risen, thus indicating the start of a positive change in the age structure of doctors in the country. However, the number of nurses in Bulgaria is the second lowest in the EU, being equal to half of the average for all 28 Member States.

SPC and WPPHSL acknowledge the reform efforts done in BG and are of the opinion that Bulgaria has made **some progress**¹ in addressing the requirements of the CSR. Further measures are required to address the recommendation.

¹ The European Commission assessment of the country's progress on outpatient care is 'limited progress', on the basis of the remaining challenges concerning health insurance coverage, as well as the shortage of nurses

CSR 3: .../... Improve the coverage and adequacy of the minimum income.

Bulgaria has undertaken concrete steps to improve the coverage and adequacy of the Guaranteed Minimum Income. The GMI level, which has not undergone any other significant changes since 2009, is set to increase by more than 15% as of January 2018. As the GMI in Bulgaria is used to calculate some other targeted benefits, the increase might have a positive effect on the alleviation of poverty in Bulgaria. In addition, Bulgaria has implemented legislative changes, which are expected to improve access to heating allowances.

The SPC is of the opinion that Bulgaria has achieved **some progress** in addressing CSR 3. However, the low level of GMI and lack of adjustment mechanism indicate that future policy developments are needed and their impact on poverty needs to be carefully monitored.

ESTONIA

CSR 1: .../... Improve the adequacy of the social safety net .../...

In 2017, Estonia has introduced specific measures focused on some of the most vulnerable groups, including pensioners living alone, large families and recipients of social assistance. A new benefit targeted at pensioners has been introduced. The benefit is being paid out automatically, based on population register and social insurance board data, thus ensuring wide coverage. A new allowance for families with 3 or more children has been introduced, in addition to the other family benefits available. The level of the subsistence benefit has been increased, simultaneously with the introduction of amendments to the subsistence benefits scheme and tax exemption measures aiming at motivating people to work

The SPC is of the opinion that Estonia has made **some progress** in addressing the recommendations to improve the adequacy of social safety net. As the measures are very focused to particular target groups further policy actions are needed to fully respond to the recommendation. The actual impact of the reforms on adequacy of the social safety net will require proper monitoring and evaluation in future.

IRELAND

CSR 2: .../...Enhance social infrastructure, including social housing and quality childcare. .../...

On the *Social housing* branch of the CSR

Ireland has demonstrated its commitment to address the challenges in the social housing sector and the growing homeless problem. 2017 was the first full year of the *Rebuilding Ireland* plan's implementation, introducing specific measures to deal with the undersupply of housing. These include social housing delivery, actions on homelessness, as well as social housing support through the private rental sector. Measures to deal with homelessness include increased funding for homeless services, the roll out of a national Homeless Housing Assistance Programme, as well as preventive measures to protect people and families from entering homelessness.

Ireland has also reported on the actions planned to ensure continued progress in the area until 2021. A number of measures and structures to assist the coordination at national level are also being put in place. Progress under the *Rebuilding Ireland plan* is being monitored in different levels

The SPC concludes that in 2017 Ireland has made **substantial progress** in addressing the challenges related to social housing and homelessness in Ireland. The SPC encourages Ireland to continue with the implementation of the 5-year *Rebuilding Ireland plan*.

On the *Quality childcare* branch of the CSR

Ireland has introduced a range of measures in recent years to improve the quality, affordability and accessibility of childcare. A key initiative has been the approval of an Affordable Childcare Scheme (ACS) in 2016, intended to provide a new basis for funding childcare with both universal and targeted subsidies. The ACS was initially announced to start in September 2017, but its introduction has been delayed. Ireland introduced specific changes in September 2017 to fast-track the provision of benefits to parents for more affordable and accessible childcare. The changes include a new targeted non-means tested subsidy, as well as increases in the targeted childcare subsidies under existing childcare systems.

Ireland has extended the existing universal pre-school programme² and has also undertaken a range of initiatives to improve the quality of early school provision.

In view of the presented measures, the SPC is of the opinion that Ireland has made **some progress** in meeting the quality childcare part of the CSR. The SPC encourages Ireland to continue and speed-up the implementation of the Affordable Childcare Scheme.

SPAIN

CSR 2: .../...Address regional disparities and fragmentation in income guarantee schemes and improve family support, including access to quality childcare. .../...

The 2017 Council recommendation is a follow-up recommendation. The SPC takes note that Spain is not reporting on any new measures. **Thus, the Committee continues to carry-on its opinion from 2016.**

*Spain has made **limited progress** in streamlining minimum income support schemes. Income support schemes and social services remain scattered across several levels of government and institutions, restraining the transferability of rights and mobility of beneficiaries. Although a comprehensive analysis has been undertaken, concrete proposals to streamline minimum income support schemes have not been made yet.*

The cooperation between the existing regional minimum income schemes, as well as with the employment and social services is weak. Moreover, the minimum income benefits are increasingly framed within an activation and personalised support perspective, with recipients of minimum income schemes being obliged to sign up and follow personalised integration plans.

² ECCE programme, providing 15 hours per week of free pre-school care; from the current average take-up of 61 weeks to an entitlement of 76 weeks.

CSR 2 .../... Address regional disparities and fragmentation in income guarantee schemes and improve family support, including access to quality childcare .../...

Spain reports on certain measures to increase the disposable income available to families with children. Among others, these include slightly increased funding to combat child poverty, amendments to the Personal Income Tax, as well as measures to enhance support for families with children suffering from a serious illness.

Based on the information presented, the measures are perceived as appropriate and have the potential to address the recommendation, but at that stage still remain fragmented. Therefore, the SPC concludes that Spain has made **limited progress** in improving family support, including access to quality childcare.

CROATIA

CSR 2 Discourage early retirement, accelerate the transition to the higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme. .../...

The 2017 Council recommendation is a follow-up recommendation. The SPC takes note that Croatia is not reporting on any new measures. **Thus, the Committee continues to carry-on its opinion from 2016.**

Croatia has postponed the reforms to encourage longer working life by reducing access to early retirement, equalising statutory retirement age for men and women and increasing statutory retirement age to the second and third quarter of 2017. In the meantime a working group has been established to prepare the first draft of the reform proposals. The proposed measures are well balanced and, when adopted, could be appropriate to meet the CSR. The SPC welcomes the intentions to consult with social partners on the proposed policy measures. SPC takes note of planned measures to encourage longer working life but highlights that further progress is necessary as significant policy challenges are still crucial.

Croatia has completed a review of the arduous or hazardous professions benefiting from more generous pension provisions, to be followed by the preparation of draft legislative proposals where the list of arduous or hazardous occupations, the calculation of insurance periods and minimum required age for old age pension will be revised.

*In relation to the part of the CSR focused on taking measures to discourage early retirement and accelerate the transition to the higher statutory retirement age, as the planned reforms are on hold, SPC is of the opinion that **very limited progress** has been made to respond to the CSR. SPC strongly encourages Croatia to move forward with its policy efforts to adopt and implement the necessary measures.*

*In relation to the part of the CSR focused on aligning pension provisions for specific categories with the rules of the general scheme, at the current stage SPC is of the opinion that Croatia has made **limited progress** in addressing the CSR as no concrete policy measures have been implemented. However, the measures outlined could be an appropriate response to the recommendation when properly implemented. Croatia should continue its efforts to implement*

CSR 2: .../...Improve coordination and transparency of social benefits.

The government of the Republic of Croatia has recently adopted an Action plan for the Improvement of Social Benefits 2018-2020. The plan creates a framework for inter-sectoral action and the implementation of harmonized policies in the area of social benefits.

The plan includes measures aimed at harmonizing and simplifying the procedures to ensure greater coverage and targeting of benefits; measures for facilitating transparency and effectiveness of the social protection system and other measures. To promote more systematic support for families with new-born children, the amendments to the Act of Maternity and Paternal Benefit are adopted.

The other measures which could help to improve better coordination and the transparency of the system are still being implemented.

The SPC is of the opinion that Croatia has made **some progress** in addressing the recommendation to improve coordination and transparency of social benefits, but further reforms efforts are needed. Implementation of the planned measures, as well as further efforts to reduce poverty and the territorial differences in the provision of social services and to improve the coverage of the population by the social protection system is encouraged.

ITALY

CSR 4: .../... Rationalize social spending and improve its composition.

In 2017 Italy has adopted an anti-poverty strategy at national level, which represents an appropriate step towards addressing the requirements of the CSR. A key element of the strategy is the introduction of Minimum Income for Inclusion scheme, which consists of two elements: 1. benefit paid into a personal electronic payment card; 2. project for social activation and inclusion into the labour market.

A combination of minimum income benefit support and activation measures into the labour market and link with social services could have potential effect to combat poverty and social exclusion.

The SPC is of the opinion that Italy has made **substantial progress** in the rationalization of social spending and improving its composition. The presented measures are well planned and ambitious with expected positive impact in the longer time span. Close monitoring of the impact of the strategy (once implemented) is recommended and, if necessary, further policy actions are welcomed.

CYPRUS

CSR 5: .../... By the end of 2017, adopt legislation for a hospital reform and universal healthcare coverage.

In June 2017, Cyprus has adopted the *Autonomisation law on the establishment of a State Health Services Organization*, as well as the respective regulations on its staffing issues. The legislation for the National Health Insurance System has also been enacted.

The SPC and the WPPHSL are of the opinion that by adopting the reported legislation, Cyprus has taken the necessary steps to **fully implement**³ the requirements of the CSR. Cyprus is encouraged to continue with the appropriate measures to achieve full implementation of the enacted legislation and to create the necessary mechanisms to monitor and evaluate the reform impacts.

³ The European Commission assessment of the country's progress is 'substantial progress towards full implementation of universal coverage by June 2020.' This view is based on the understanding that the Secondary legislation coming from the NHIS Law has not been yet adopted.

LATVIA

CSR 2: Improve the adequacy of the social safety net .../...

An Action Plan on Improving the Minimum Income Support has been submitted for approval to the Latvian government in April 2017. The plan has not yet been approved by the Government, but several measures aimed at increasing financial support for families with children and old age persons were approved during the debates for the 2018 budget. Those measures include: i. increasing the Guaranteed Minimum Income level (by 6% to EUR 53); ii. establishing more generous pension indexation rules; iii. increasing benefits for families with two or more children; iv. increasing support for foster families and adoptees.

The SPC is of the opinion that Latvia has made **limited progress** in addressing the recommendations of CSR 4. The efforts are in the right direction, but further policy actions on minimum income are still needed to respond properly to the recommendation. Despite the announced increases in the guaranteed minimum income level and the pensions, their adequacy remains a concern.

CSR 2: .../... Increase the cost-effectiveness of and access to healthcare, including by reducing out-of-pocket payments and long waiting times.

Latvia has increased the funding for the healthcare sector in 2017 (by EUR 34 Million) and reports an additional EUR 113 Million in 2018 planned to support national reforms directed at improving accessibility and quality of health care, as well as on reducing out-of-pocket payments through improvements in the coverage of health services and medicines from the state budget. As a result, for 2017 Latvia reports a decrease of the waiting time for healthcare services improved remuneration for health care professionals and improvements in the adequacy of the annual quota system – one of the main barriers for access to healthcare.

To support the financing of the Healthcare system Latvia has initiated the implementation of a new financing model, which makes healthcare part of the state social insurance system, with 1 % of social contributions directed to healthcare financing. The new model introduces two healthcare service baskets (full and minimum).

Amendments to the law on State Social Insurance were adopted by the Parliament in July 2017 and a Health Care Financing law was adopted by the Parliament in December 2017.

SPC and the WPPHSL are of the opinion that Latvia has taken important steps to improve the cost-effectiveness and access to healthcare and has thus achieved **some progress** addressing the CSR. Further implementation of the reform is encouraged. The increase in healthcare financing is welcomed, but the impact of the newly adopted access restrictions (i.e. the service baskets) on the health outcomes of the population should be carefully monitored.

LITHUANIA

CSR 1: .../... Take steps to address the medium-term fiscal sustainability challenge related to pensions.

Since 2012, the retirement age in Lithuania is being gradually increased and is expected to reach 65 for both men and women by 2026. No automatic link of the retirement age to life expectancy exists however and the 2016 proposal to introduce that link was rejected by the Lithuanian Parliament.

The legislation on Social Insurance pensions, adopted in 2016, includes the introduction of an automatic indexation mechanism (in force as of January 2018). This mechanism is expected to ensure that pension insurance expenditures do not exceed pension insurance income. Other measures, part of the 2016 legislation include a gradual increase of the length of the insurance period qualifying for full pension from 30 to 35 years, as well as a shift on the financing of the basic part of the pensions to the general finances.

In light of the reported measures, the SPC concludes that **some progress** has been made in addressing the recommendation. As the automatic indexation mechanism is expected to reduce, but not eliminate the future deficit in the pension system and could as well have a negative effect on future pension adequacy in its function of preventing old-age poverty, its impact would need to be carefully monitored.

CSR 2: .../... Improve the performance of the healthcare system by strengthening outpatient care, disease prevention and affordability .../...

The implementation plan of the National Public Healthcare Development Programme (2016-2023) has been approved by the Lithuanian government in March 2017. The plan foresees activities related to the improvement of healthcare access and affordability, consolidation of the health care institutions, corruption prevention, promoting rational use of pharmaceuticals, as well as health promotion and disease prevention until 2023. The concrete measures undertaken since June 2017 include: actions aimed at reducing out-of-pocket payments for pharmaceuticals; actions aimed at reducing the corruption in the Healthcare sector as well as the establishment of a State Public Health Strengthening Fund to finance activities related to health promotion and disease prevention.

Lithuania also reported on the implementation of 4th stage of the plan *for Health System Development and Consolidation of the Hospital Network*. The plan focuses on three areas: the expansion of out-patient services; the development of nursing, long-term treatment, palliative care and geriatric services; and optimization of in-hospital services.

Based on the report presented by Lithuania and the discussion in the room it can be concluded that Lithuania has taken positive steps in addressing the CSR as the reported measures contribute to strengthening outpatient care, disease prevention and affordability. The SPC, together with the WPPHSL is of the opinion that Lithuania has made **some progress** to address the 2017 Country specific recommendation. As the measures are at an early stage and since despite the reported improvements the healthcare system remains hospital-oriented, Lithuania is encouraged to further pursue its policy initiatives to strengthen the shift to outpatient care and disease prevention

CSR 2: .../...Improve the adequacy of the social safety net.

In response to the CSR, Lithuania has implemented several measures to improve the adequacy of the social safety net. A methodology for determining the amount needed to meet individual and family minimum consumption needs has been established. The methodology will be used to link the social benefits to the changing cost of living as of 2019. The amount of the State supported income, which also defines the amount of some other social benefits and allowances has been increased by nearly 20% as of 2018 (to EUR 122). Parts of the work income and child benefits will not be considered when establishing the right to social assistance. In addition, a Universal child benefit, as well as additionally paid child benefit for low-income families, or families with multiple children (3 or more) has been introduced in 2018. The social support information system will ensure both simplified provision of social assistance and monitoring the impact of recent reforms.

The SPC concludes that Lithuania has made **some progress** in addressing the recommendations of CSR 2. The announced measures are steps in the right direction. As the levels of social support are rather low, the SPC encourages Lithuania to continue its efforts to improve the adequacy of the social safety net.

LUXEMBOURG

CSR 1: Ensure the long-term sustainability of the pension system, limit early retirement and increase the employment rate of older people.

The 2017 Council recommendation is a follow-up recommendation. The SPC takes note that Luxembourg is not reporting on any new measures. **Thus, the Committee continues to carry-on its opinion from 2016.**

In the context of a regular review of the sustainability of the Luxembourgish pension system on the basis of an actuarial report elaborated by the General Inspectorate for Social Security, the current financial situation of the general pension scheme is assessed to be positive. Nevertheless, additional measures are needed to tackle the expected increase in expenditure in the future. An expert pension group has been established to discuss the review findings and measures to be adopted in the medium term to ensure long-term fiscal consolidation of the scheme and adequacy of pension benefits.

The SPC welcomes the consultations with social partners and other stakeholders on policy measures. The draft Law to limit pre-retirement has been passed. The Law on reclassification of people with disabilities could have a positive impact on maintaining people as long as possible in employment, thus, raising the effective retirement age.

HUNGARY

CSR 3: .../...Improve the adequacy and coverage of social assistance and the duration of unemployment benefits.

The 2017 Council recommendation is a follow-up recommendation. The SPC takes note that Hungary is not reporting on any new measures. **Thus, the Committee continues to carry-on its opinion from 2016.**

In response to the CSR, Hungary has implemented some measures related to increasing the amounts of the old age allowance and nursing fee provided in the framework of regular child protection allowance. However, their impact remains unclear and potentially limited.

*SPC is of the opinion that progress in implementing the CSR is only **partial**.*

NETHERLANDS

CSR 2: .../... Address the high increase in the self-employed without employees, including by reducing tax distortions favouring self-employment, without compromising entrepreneurship, and by **promoting access of the self-employed to affordable social protection. .../...**

In the Netherlands in recent years self-employment has been rising, while the share of workers with permanent contracts has been decreasing, especially among the young and lower educated workers.

The Dutch Government has announced its intentions to restore a balance to the labour market through further amendments of the Work and Security Act, aiming at decreasing the gap between permanent and temporary contracts. Some of the planned actions include measures to increase the insurance protection for the self-employed, as well as adopting legislation to address bogus self-employment. The Government plans to submit legislative proposals to the Parliament during 2018. The implementation of the specific measures is planned as of 2020.

The SPC welcomes the announced intentions of the Dutch government to promote access of the self-employed to affordable social protection. The measures, when implemented, will address the recommendation. As concrete details of the proposed measures are still to be revealed, the SPC is of the opinion that the Netherlands has made **limited progress** in addressing the CSR.

CSR 2: .../... Based on the broad preparatory process already launched, make the second pillar of the pension system more transparent, inter-generationally fairer and more resilient to shocks. .../...

Since October 2017 the Netherlands has a new government. Several measures to address the requirements of the 2017 CSR 2 have been announced in the coalition agreement. These include: 1. abolishing the uniform contribution system and replacing it with more actuarial fair accrual rates in order to end the redistribution from young to old; 2. introducing a new contract with more personal pension forms and 3. investigating freedom of choice via a limited lump sum at retirement.

The SPC takes note that the new Dutch government reaffirmed the commitment to reform the second pension pillar of the pension system. As no new measures have been taken since the 2017 CSR was adopted, the SPC is of the opinion that **limited progress**⁴ has been made.

AUSTRIA

CSR 1: .../... Ensure the sustainability of the healthcare system and of the pension system. .../...

The 2017 Council recommendation is a follow-up recommendation. The SPC takes note that Austria is not reporting on any new measures. **Thus, the Committee continues to carry-on its opinion from 2016.**

⁴ The European Commission assessment of the country's progress on this CSR is 'no progress', on the basis that the concrete measures addressing the CSR are still to be announced and agreement with the social partners on the government proposal is still pending.

In response to the CSR, Austria is continuing its target-based health governance (“Zielsteuerung-Gesundheit”) through a legal framework which came into force at the beginning of 2017 focusing, among others, on day clinic service provision, increased health promotion and prevention, further strengthening of the public health system, joint provision and procurement of pharmaceuticals, measurement of outcome quality, e-Health. It is also working on establishing new collaborative and integrated forms for the provision of primary health care, especially with the aim of relieving pressure from the inpatient sector through the implementation of 75 primary care institutions until 2020.

SPC and the WPPHSL are of the opinion that the general objectives of the reform efforts are set in a realistic way, towards the reduction in hospital care and the shift towards primary care and prevention. While Austria has made some progress in addressing the CSR, implementation remains key and close monitoring is necessary to assess whether the proposed steps will be sufficient to address the CSR.

CSR 1: .../... Ensure the sustainability of the healthcare system and of the pension system. .../...

The 2017 Council recommendation is a follow-up recommendation. The SPC takes note that Austria is not reporting on any new measures. **Thus, the Committee continues to carry-on its opinion from 2016.**

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 introducing a monitoring tool to evaluate budgetary impact. SPC takes note that Austria does not plan 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.

CSR 2: Improve labour market outcomes for women through, inter alia, the provision of full-time care services. .../...

Austria reported on a variety of actions and measures aiming at improving the labour market outcomes for women, including by reducing the need for unpaid care and by raising awareness of the equitable division of unpaid care responsibilities. The concrete measures to improve the provision of full-time care services include the plans to expand institutional childcare, by creating additional facilities for approximately 12,000 children under the age of 3. In addition, Austria has revised the means-testing criteria for admission in a residential care facility. This revision is expected to reduce the administrative burden and improve access to residential care facilities, thus reducing the need for unpaid care. Awareness-raising measures include the introduction of an online information tool, aimed to increase father's awareness and participation in early childcare, parental leave and parental part-time.

Austria has also reported on measures planned for 2017-2022, which include a revision of the regulation for school holidays, measures to support part-time female employment and measures to improve the provision and flexibility of childcare.

The SPC is of the opinion that Austria has taken positive steps to increase the provision of full-time care services and concludes that **some progress** has been made to address the 2017 Country specific recommendation.

POLAND

CSR 2: .../... Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by starting to reform the preferential pension arrangements.

Poland's measures to address the 2017 CSR include efforts to inform and educate the Polish population on the advantages of longer working career and later retirement. These measures include the appointment of pension advisors in the Social Security field offices, an information campaign undertaken in mass-media and dedicated websites and an information and education campaign via mail and in schools. In 2017, Poland lowered the statutory retirement age to 60 years for women and 65 years for men, reversing an ongoing gradual increase to 67 years for all.

SPC takes note of Poland's view that its general pension scheme is conducive to longer professional activity and later withdrawal from the labour market. Since no concrete measures to increase the effective retirement age and to reform the special pension arrangements are being reported, the SPC concludes that Poland has made **limited progress** in addressing the 2017 CSR. Yet, the impact of the recent lowering of the statutory retirement age, which may depress pensions and have consequences for inequality and poverty among older people, will require proper monitoring and evaluation in future. The SPC also encourages Poland to undertake further significant efforts beyond the information campaign to extend working lives.

PORTUGAL

CSR 1: .../... Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector with a focus on the reduction of arrears in hospitals and ensure the sustainability of the pension system. .../...

Portugal reports on several initiatives to improve the economic and financial sustainability of the National Health Service and reduce the arrears in hospitals. These measures include increased centralized purchases of medicines, medical devices and healthcare services; increased use of generic medicines and biosimilars; promoting healthy living habits and a continued reform on primary health care. Portugal has also recently injected EUR 1.4 billion in the hospital system to pay debt to suppliers.

Portugal also announced a list of 40 wide-ranging measures in progress, as well as reform in the long-term care network.

Based on the report presented by Portugal, the SPC and WPPHSL are of the opinion that **substantial overall progress** has been achieved, yet further significant effort will be required to reduce arrears in hospitals, as they are currently increasing.

CSR 1: .../... Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector with a focus on the reduction of arrears in hospitals and ensure the sustainability of the pension system. .../...

Portugal has introduced several rounds of successive reforms with the aim of making the Portuguese pension system financially sustainable. The retirement age has been linked to the evolution of the life expectancy and as a result, in 2017 the normal retirement age has been automatically adjusted to 66 years and 4 months (which is above the EU average.) The revaluation of the existing sustainability factor also contributes to the strengthening the sustainability of the Portuguese pension system. The extraordinary transfers from the state budget to finance the social security deficit ended in 2018.

There are certain recent measures however, which may cause higher pension spending. The automatic annual indexation has been partially frozen in recent years, but an extraordinary pension increase took place in 2017. In addition, Portugal has undertaken a revision of the early retirement scheme, allowing people with very long careers to retire without penalty.

As the measures taken have significantly reduced the risks to the long-term sustainability of the pension system, the SPC is of the opinion that Portugal has made **substantial progress** in addressing the CSR. Extraordinary pension updates in 2017 and 2018 and the new early retirement scheme for very long careers may reduce the effect of the reforms and their impact will need to be closely monitored. To sustain the reform efforts undertaken, the SPC encourages Portugal to work towards a clear political agreement of wide spectrum for a national strategy on extending working lives.

ROMANIA

CSR 2 .../...Adopt legislation equalising the pension age for men and women. .../...

The 2017 Council recommendation is a follow-up recommendation. The SPC takes note that Luxembourg is not reporting on any new measures. **Thus, the Committee continues to carry-on its opinion from 2016.**

The Romanian government submitted to the Parliament a draft law to equalise the pensionable age for men and women in 2013 and since 2014 it awaits the Parliament's final decision.

*SPC is of the opinion that **very limited progress** in addressing the CSR has been made. In addition, success of the planned reform will also depend on the capacity of the labour market to employ and keep especially women in employment until they reach the statutory retirement age. This would require a balanced mix of active ageing measures as well as accessible and affordable facilities for*

children and dependant older people.

CSR 2: .../... In healthcare, shift to outpatient care and curb informal payments.

Romania has initiated the implementation of the Health Strategy (NHS 2014-2020) in 2016. The strategy is expected to create the necessary conditions for a shift from inpatient to outpatient care (thus improving the efficiency and financial sustainability of the Healthcare system) through improving access to health services and modernizing healthcare at regional level. Romania reports that their national efforts are focused in three areas: community care, primary care and ambulatory care.

Romania has also reaffirmed its commitment to prevent and fight corruption in general and in the healthcare system in particular. To that end, Romania has started implementing a Patient Feedback Mechanism and established Ethical Councils in the public hospitals.

The SPC and the WPPHSL welcome the steps taken to address the challenges laid out in the CSR. As the majority of the reported measures are not yet implemented, the SPC and WPPHSL conclude that Romania has made **some progress**⁵ with its reform efforts.

SLOVENIA

CSR 1: .../... Adopt and implement the proposed reform of the healthcare system and **adopt the planned reform of long-term care, increasing cost-effectiveness, accessibility and quality care. .../...**

In 2017, Slovenia has advanced with the preparation of a legislative proposal for a Long-term Care Act, which is set to facilitate and ensure the implementation of Long-term care services in conjunction with other aspects of the social security system, such as health care, social care and pensions. The expected outcome of the proposed Act, which has been sent for inter-ministerial coordination in November 2017, is to provide for an integrated system of services and benefits, to strengthen the coordination of Health and Social Services delivery, to optimize the use of existing financial resources and provide new, additional resources, as well as to reduce the existing inequalities in access to those services. Following the inter-ministerial coordination, the proposal will be submitted to the Government.

⁵ The European Commission assessment of the country's progress on outpatient care is 'limited progress', given the delays in fulfilling the ex-ante conditionality on health, which leave little time to implement health investments to develop outpatient care.

In addition, Slovenia reported on a pilot testing of new solutions for integrated delivery of Long-term care in home environment, which will last from 2018 to 2020.

SPC acknowledged that Slovenia has taken important steps in its reform efforts and concludes that **limited progress** has been made in addressing the CSR, as the planned measures are still to be adopted and implemented. The SPC encourages the Slovenian government to proceed with the adoption of the proposed Long-term Care Act and with rolling out the measures on the ground.

CSR 1: .../... Adopt and implement the proposed reform of the healthcare system
and adopt the planned reform of long-term care, increasing cost-effectiveness, accessibility
and quality care. **Fully tap the potential of centralised procurement in the health sector.**
.../...

In 2017 Slovenia has adopted some important legislative and non-legislative measures to improve the performance of the health system and ensure good health outcomes for the Slovene population. These measures are also part of the gradual implementation of the National Health-care Plan 2016-2025, representing a strategic plan for the development of the healthcare system.

The adoption of the draft Health Care and Health Insurance Act is a key component of the reform, which will contribute to the long-term sustainability of the system, while maintaining quality and accessibility of health care services. The Act has been in preparation since 2016 and is currently under review by the Social Partners, with a view of passing it for adoption in 2018.

Slovenia also reports that centralized procurement is being used more widely in the healthcare sector, yet a revision of the existing approach to joint procurement is currently under way.

In view of the implemented measures, the SPC and WPPHSL acknowledge the important efforts in the last year and are of the opinion that Slovenia has made **some progress** in addressing the CSR. As the adoption of the Health Care and Health Insurance Act is instrumental in the implementation of the healthcare system reform, Slovenia is encouraged to proceed with the adoption of the Act and the implementation of the foreseen measures. To contribute to the long-term sustainability of the system, Slovenia is also encouraged to renew its commitment and give priority to the joint public procurement in the health sector.

CSR 1: .../... Adopt the necessary measures to ensure the long-term sustainability
and adequacy of the pension system.

The Slovenian pension system faces the dual challenge of ensuring long-term sustainability of the system, as well as the adequacy of the pensions. In 2017, Slovenia has taken some important steps to address the adequacy issue. To reduce old-age poverty, Slovenia increased the minimum pension of EUR 500. An extraordinary pension indexation, linked to the improving economic circumstances is also planned for 2018.

From a sustainability perspective, long-term challenges, linked to the projected ageing of the society persist. While latest projections show that the pension system will remain sustainable until 2025, the projected growth of Public pension expenditure until 2060 is the highest in the EU (from 11.8% to 15.3% of GDP). A broad political consensus, involving the social partners, has been reached on the direction and key objectives of a future pension reform. At that stage, however no concrete action has been taken to ensure the sustainability of the pension system in the long-term.

The SPC recognizes the important agreement reached with the Social Partners, but since the legislative act is still to be enacted it is therefore of the opinion that Slovenia has made **limited progress** in addressing the CSR. Further reforms are needed to confront the pension system sustainability challenge, while maintaining focus on the adequacy of the pensions.

SLOVAKIA

CSR 1: .../... Improve the cost-effectiveness of the healthcare system, including by implementing the value-for-money project.

Slovakia reports a number of relevant measures to improve the cost effectiveness of the healthcare system. The implementation of the three-year Value-for-money project has been initiated. The project aims to identify areas of inefficient spending and resource allocation and sets annual savings targets. Slovakia expects to achieve 90-100 Million savings in 2017, which is 70-75% of the target for this year. The underperformance is attributed to the time lag in reporting the data and also to the necessity to adopt some legislative changes which delayed the project implementation. Slovakia also reports that work has started on the development of new targets and projects that will utilize the savings to improve the health outcomes in Slovakia.

Another initiative includes the implementation of a set of 26 projects and reforms, some of which are focused on improving the cost-effectiveness of the healthcare system. These measures include centralized procurement and price benchmarking, as well as the introduction of a DRG-based payment system for hospitals and e-health services. While these measures are positively contributing towards improving the cost-effectiveness of the Slovak healthcare system, the potentially avoidable consumption of costly hospital services remains high, partly due to the low effectiveness and availability of primary care services. A key measure that aims at moderating demand for hospital services is the definition of a new network of emergency services, part of the ‘stratification’ project. This project aims to unburden hospitals and reduce the number of acute care beds in them, while improving accessibility and throughput of emergency services at the same level of expenditure. Since the implementation of this measure has started at the end of 2017, its impact on the objective of decreasing the high burden on inpatient care services will be assessed in only in the coming months.

The SPC and WPPHSL recognize that several commitments under the Value for money project have been fulfilled and that the project is reported to create positive results towards the improvement of the cost-effectiveness of the healthcare. SPC and WPPHSL are of the opinion that, Slovakia has achieved **substantial progress** in addressing the requirements of the CSR. Notwithstanding the progress achieved last year, Slovakia is encouraged to make further reform efforts to improve the cost effectiveness of the Healthcare system and continue with the implementation of the reforms.

CSR 2: .../... Enhance employment opportunities for women, especially by extending affordable, quality childcare.

In 2017, Slovakia has created the legislative framework to increase the capacity of and access to childhood care and education for children aged three to six. The legislative measures taken redefine the work-life balance service as a social service and allow for the provision of childcare services in the child’s home environment or in the form of outpatient social service (i.e. childcare worker providing childcare in his/her home, in a childcare facility or in a designated space in the parent’s workplace). Slovakia has also reported on its plans to increase the qualification of child care providers, as well as on the progress of its plans to build a network of 90 new childcare facilities for children below 3 years of age between 2014 and 2020.

The SPC is of the opinion that Slovakia has made **some progress** in increasing the capacity of and access to early childhood education and care through the construction of facilities and strengthening the legislative framework. The SPC encourages Slovakia to continue with its efforts to address the recommendations of the CSR through implementing the adopted measures.

FINLAND

CSR 1: .../... Ensure timely adoption and implementation of the administrative reform to improve cost-effectiveness of social and healthcare services.

Finland is preparing a wide scale health and social services reform aiming to significantly curb growth of costs (by EUR 3 Bn) and guarantee equal access to high-quality services across the country. A policy package, including a legislative bill is under preparation and will be submitted to the Parliament in March 2018. While the reform is expected to enter into force as of 2020 (with certain elements related to primary care planned for 2021 and related to dental care planned for 2022), implementation in the framework of the current situation has already started. Temporary preparatory bodies will be established in all 18 counties, as soon as the laws come into force, which is planned for June 2018.

The SPC and WPPHSL are of the opinion that **limited progress** has been made in implementing the CSR. Finland's extensive reform efforts and intention to address the CSR is acknowledged, but since the formal adoption of the reform has not taken place yet and since its effective implementation will only start as of 2020, Finland is encouraged to proceed with the adoption of the legislation and the roll-out of the planned policy initiatives.