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COVER NOTE

From:	The Social Protection Committee
To:	Permanent Representatives Committee
Subject:	SPC Multilateral implementation reviews of the 2018 CSRs

Delegations will find attached the SPC Multilateral implementation reviews of the 2018 CSRs, as an addendum to the Horizontal Opinion on the 2019 CSRs.

Multilateral implementation reviews of the 2018 CSRs

25-27 March 2019

I. CLUSTER: SOCIAL INCLUSION A

1. ESTONIA

CSR #1:
Improve the adequacy of the social safety net, in particular for older people and people with disabilities.

Estonia reports on several measures with the potential to address the requirements of the CSR under review. Some steps were taken to increase the amount of monetary support available, as the subsistence level, pensions and basic income tax allowance were increased, and a parental pension supplement was introduced.

In the area of Long-term care, an action plan for changes in the system has been prepared by the Ministry of Social affairs, with legislative proposals for the organization of the system expected in the coming 3 years. In addition, several new initiatives to increase the availability of long-term care services, to decrease the care burden of informal carers and to increase the availability of state services and support for disabled persons are reported. Estonia also started a pilot project for volunteers helping people with special needs and the elderly.

Several measures have been taken to address the well-being of older people and the disabled in Estonia. However, a comprehensive policy framework for the long-term care system is still lacking. Despite the recent increases in the amount of monetary support available, the adequacy of the social safety net in Estonia can be further improved. The SPC is therefore of the opinion that Estonia has achieved **some progress** in addressing the requirements of the CSR.

2. HUNGARY

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

Hungary reports on several recent measures to improve the financial situation of persons taking care of severely ill or disabled relatives and to increase the income of the most vulnerable among the elderly. These measures include increasing by 15% the nursing fee, paid to people who provide long-term care for family members (estimated 33 000 beneficiaries); the introduction of child home care fee, targeting parents taking care of the children, reliant on care (estimated 17 000 beneficiaries); and an increase by 2.7% of the old-age allowance, which is an income supplement provided to those who have reached pension age limit and whose monthly income does not guarantee their subsistence (estimated 6 800 beneficiaries).

The SPC is of the opinion that the reported measures, while welcome, do not address all aspects of the CSR and therefore Hungary has achieved **limited progress**.

3. LATVIA

CSR #3
Improve the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities.

Latvia reports on its Plan for the development of the Minimum Income Support System for 2019-2020, which has been submitted to the Cabinet of Ministers in mid-2018. The plan envisions a series of measures for increasing the minimum income for persons of retirement age; persons with disabilities and low-income persons, as well as a provision for the development of common content of the housing allowance and a common calculation methodology across municipalities. The measures are planned to enter in force in 2019 and 2020.

The SPC is of the opinion that the measures under the announced Plan directly address the requirements of the CSR. Since the Plan is still pending approval from the Cabinet of Ministers and is not incorporated in the 2019 State Budget, the SPC concludes that Latvia has achieved **limited progress.**

II. CLUSTER: SOCIAL INCLUSION B

1. BULGARIA

CSR #3 **Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy.**

Bulgaria reports on measures to increase the coverage of the heating allowance for pensioners by creating a transparent mechanism for offsetting the regular income increase of pensioners in the access procedure to heating benefits. The budget for the targeted energy assistance program (part of the Minimum Income scheme) has also been increased by 50% to 40.4 M BGN (about 20.7 M Euro). Bulgaria also reports on a new law for people with disabilities, regulating, inter alia, the financial support in relation to the poverty line.,. The new law entered into force in January 2019 and replaced the monthly supplement for social integration with a new type of monthly financial support, depending on the degree of disability, as well as targeted benefits depending on the type of disability and the needs of the individual beneficiary.

The SPC is of the opinion that the announced measures can contribute to the amelioration of the financial situation of some vulnerable groups in the society, however these address the CSR only partially. As the development of a regular and transparent revision scheme for the minimum income is still pending, the SPC concludes that BG has made **limited progress** in addressing the requirements of the CSR.

2. SPAIN

CSR #2
Improve family support and increase the effectiveness of income guarantee schemes, by addressing coverage gaps, simplifying the system of national schemes and reducing disparities in access conditions to regional ones

Spain's policy response to the requirements of the CSR can be grouped in two categories: measures to improve family support and measures to increase the effectiveness of the income guarantee schemes.

Measures in the first category include specific fiscal provisions in the Law of the 2018 State General Budget; the establishment of a High Commissioner Against Child Poverty (June 2018); revisions of the access requirements and increases in the amount of family allowance; measures to improve child education and protection (through the State Pact for the Children), as well as measures for better reconciliation of working and family life of parents. The second category of measures consists of the introduction of extraordinary unemployment benefit for the long-term unemployed; the increase of the amount of the widow pensions, an increase in the amount of the minimum insertion scheme in the autonomous communities, as well as the launch of the Universal Social Card System in October 2018.

The SPC concludes that Spain has made **some progress** in addressing the recommendations of CSR 2. The announced measures are steps in the right direction, but their effects need to be carefully monitored. As the poverty-reducing impact of social transfers remains rather low, especially for children, the SPC encourages Spain to continue its efforts to improve the effectiveness of the national income guaranteed schemes.

3. ROMANIA

CSR #2 **Complete the minimum inclusion income reform.**

In 2016, Romania initiated a major reform with the adoption of the Law on Minimum Inclusion Income. The aim of the law is to reform all existing means-tested programs and set up a single and larger financial support program to cover the minimum living needs of families and single persons in difficulty. In 2017, the Romanian government approved the prorogation (postponement) of the implementation of the Law on the Minimum Inclusion Income until April 2019. In November, 2018, the Government approved an extension of the prorogation of the law until 2021 in order to ensure that all administrative measures, and in particular the new IT system required for the implementation of the law are put in place.

Romania maintains the application of the current law on Minimum Guaranteed Income and has reported on several recently adopted measures to improve the current legislation and the support provided to the most vulnerable. These measures include, inter alia, strengthening the link with employment policies, changes to the heating allowance scheme and improving the targeting of social benefits.

The SPC is considers that Romania has made **limited progress** in addressing the requirements of the CSR in the implementation of the MII Reform. Although relevant legislation was adopted in 2016, the effective entry in force of the MII has been postponed.

III. CLUSTER: SOCIAL INCLUSION C

1. CROATIA

CSR #2:
Consolidate social benefits and improve their poverty reduction capacity.

Social benefits in the Republic of Croatia are provided at the national and local levels, but no unique system exists to provide a comprehensive insight on the benefits received by the beneficiaries. In 2018 and the beginning of 2019, Croatia completed the first phase of a project for improving the exchange of data on social benefits, resulting in a final report with recommendation on possible ways of exchanging data on beneficiaries at the national and local level. The next phase of the project is currently in preparation. Croatia has also taken steps to categorize the types of benefits granted at local level. A new Social Welfare Act, aiming to improve the coverage, adequacy and targeting of social benefits is currently being drafted and is planned to be adopted by June 2019. In addition, Croatia reports on measures to increase the benefits for families with children, to improve the provision of childcare services and to promote a balance between professional and family life.

Croatia has started the implementation of measures that would result in an improved information flow and more efficient monitoring of the benefits administered at the local and the central level, thus allowing better targeted social policies and more efficient distribution of funds. The announced measures directly address the part of the CSR related to consolidation of social benefits, whereas improving poverty reduction capacity of social benefits is not directly addressed. As most policy measures remain in a preparatory phase, the SPC is of the opinion that Croatia has achieved **limited progress** in addressing this part of the CSR.

2. ITALY

CSR #1
Reduce the share of old-age pensions in public spending to create space for other social spending.

The Italian government has introduced a reformed minimum income scheme (*Citizenship income - Reddito di cittadinanza*), which will start in April 2019. The measure is expected to expand the number of beneficiaries and significantly increase the resources dedicated to income support. According to the budget law, a new fund (*Fund for the citizenship income*) will finance the scheme and will be used to strengthen public employment services and the implementation of the activation component of the reform.

According to the 2019 Commission Country Report, Italy has introduced some new measures which allow the possibility for early retirement. These measures are expected to raise the pension expenditure and to worsen the debt sustainability going forward.

SPC welcomes the introduction of the reformed minimum income scheme in Italy, as an important step towards the alleviation of poverty in Italy. However, with the introduction of the new early retirement scheme, the share of old-age pension in total expenditure is not expected to decline. The SPC is therefore of the opinion that Italy has made **limited progress** in addressing the requirements of the specific 2018 CSR discussed.

3. LITHUANIA

CSR #2
Improve the design of the tax and benefit system to reduce poverty and income inequality.

Lithuania reports on some important measures to reduce poverty and social exclusion, such as increasing the lowest social insurance pensions; improving further the child benefit; extending the duration of payment of additional social benefit after commencing employment; increasing the availability of housing support; introducing a system of support for young families purchasing their first accommodation in non-metropolitan areas; improved targeted compensation system linking compensation with individual needs of the person with disabilityd; as well as increasing the non-taxable allowance and extending the application of its scope.

The SPC notes that Lithuania is taking measures to increase the adequacy of income support to the most vulnerable. Despite the reported measures, public spending on social protection in Lithuania remains low, and the impact of social transfers on poverty reduction is limited. The SPC is of the opinion that further measures to improve the design of the tax and benefit system are needed and that Lithuania has achieved **some progress** in addressing the requirements of the CSR.

IV. CLUSTER: SOCIAL INCLUSION D

1. IRELAND

CSR #2 Ensure the timely and effective implementation of the National Development Plan, including in terms of clean energy, transport, **housing**, water services and **affordable quality childcare**

Ireland has implemented a broad range of measures to tackle the undersupply of **housing**.

Building on the investments made under the 5-year *Rebuilding Ireland* plan (launched in 2016), the 2018 *National Development Plan* has provided for two regeneration funds[1] aimed at securing compact, sustainable growth in Ireland's five cities and other large urban centres and, addressing de-population of rural communities. The funds will provide key supporting infrastructure which will accelerate housing supply. .

In terms of social housing, the *National Development Plan* will support the delivery of some 40,000 new social housing homes by 2021. To that end, a new *Land Development Agency* was established in 2018 with the immediate task to develop new homes, and regenerate under-utilised sites in the State's own lands. In addition, Ireland has established the *Serviced Sites Fund (SSF)*, to provide enabling infrastructure to facilitate the delivery of affordable homes on local authority and State land.

In the area of **childcare**, Ireland has adopted the term Early Learning and Care and School Age Childcare (ELC and SAC) to refer to this policy field and has introduced a range of measures in recent years to improve the quality, affordability and accessibility.. These include, inter alia, the extension of the universal free pre-school programme ('ECCE' programme) in 2018, as well as the rollout of the National Childcare Scheme (NCS), which will replace all the existing targeted schemes and continue the payment of universal subsidies, to provide financial support for both ELC and SAC when it is launched in October 2019. In addition, Ireland has announced *'First 5: A Whole of Government Strategy for Babies, Young Children and their Families'* – a 10-year strategy to transform all types of services and supports for children antenatally up to and including age 5. This will influence all future policy in this area. Developments in ELC and SAC are a major theme in *First 5.*

The SPC is of the opinion that Ireland has demonstrated its commitment to address the challenges in the social housing sector and the growing homeless problem, thus achieving **some progress** on the **housing** part of the CSR.

Ireland has also undertaken important steps and achieved **some** progress in meeting the affordable quality **childcare** part of the CSR. As the effects of measures will take time to yield results, their progress will need to be monitored closely and evaluated over the coming years.

[1] The €2 billion Urban Regeneration and Development Fund and the €1 billion Rural Regeneration and Development Fund

2. NETHERLANDS

CSR #2
Reduce the incentives to use temporary contracts and self-employed without employees, while **promoting adequate social protection for the self-employed**, and tackle bogus self-employment.

The Netherlands reports on several **planned** measures to increase the insurance level of the self-employed people. These include the preparation – together with the Dutch Association of insurers – of an action plan for promoting choice behavior; a planned update of the regulations concerning the self-employed at the lower end of the labour market to ensure that they earn enough per hour to ensure themselves.In addition, a committee of independent experts has been established to advise the government on how to regulate the labour market in the future.

The SPC welcomes the planned measures and regards them as having the potential to address the CSR partially. As two of the three reported measures are still to be implemented the SPC is of the opinion that the Netherlands has achieved **limited** progress. The Netherlands is hereby encouraged to continue with its efforts to increase the insurance level of the self-employed.

V. CLUSTER: LONG-TERM CARE

1. BELGIUM

CSR #1 Pursue the envisaged pension reforms and **contain the projected increase in long-term care expenditure.**

Belgium reports on completing a complex, multiannual process of transferring operational and administrative responsibilities from the federal government to regional authorities in January 2019. During the time of transition very few new policy initiatives were taken, mostly in the Flemish region. On a federal level a ceiling for the annual growth in healthcare and long-term care expenditure has been in place since 2015, but due to regionalisation, will from now onwards only cover nursing care. The rest of the long-term care expenditure will now not be under the federal ceiling. In addition, Belgium reports measures to increase the use of the BelRai tool – an assessment mechanism for patients care needs, expected to contribute to better cost control in the future. In 2018, Belgium also initiated the implementation of 12 pilot projects to streamline care for people with chronic diseases, which should also result in lower expenditure, with no loss of quality of care if these pilots are found to be effective and can be rolled out across the LTC system.

The SPC recognizes the efforts of the Belgian government to contain the projected increase in long-term care expenditure. As the exact impact of reported measures is not yet clear, the SPC concludes that **some progress** has been made in addressing the recommendation.

2. **SLOVENIA**

CSR #
Adopt and implement the healthcare and health insurance act and **the planned reform of long-term care.**

Slovenia reports on its efforts to introduce legislation establishing an integrated Long-term care system. In October 2017, the Slovenian Ministry of health published a proposal of a Long-term Care, which has been subject of a public debate and consultation with the social partners. In addition, in 2018 Slovenia launched a pilot project, testing new solutions for integrated delivery of Long-term care in home environment. The adoption of the Act has been postponed, due to the resignation of the Slovenian government in March 2018. The new government has confirmed its commitment to the planned act and coordination between the relevant Ministries of Health, of Finance and of Labour is on-going with the aim of submitting a new draft for public consultation in early Autumn. The proposal of the Act is planned to be submitted for Government approval by the end of 2019.

The SPC welcomes the announced intentions of the Slovenian government to proceed with the planned reform of long-term care. However, given the delays and uncertainty in adopting in required legislation, the SPC is of the opinion that **no progress** has been achieved in implementing the CSR and encourages the government to proceed swiftly with the policy initiatives envisaged.

VI. CLUSTER: PENSIONS A

1. **LITHUANIA**

CSR# 1
Ensure the long-term sustainability of the pension system while addressing the adequacy of pensions.

In order to address the [medium-term] fiscal sustainability challenge related to pensions, Lithuania continues to implement measures introduced in recent years. These measures include a gradual increase of the retirement age; a gradual increase of the length of the insurance period qualifying for a full pension; indexation of the pensions according to a balancing mechanism ensuring that yearly pensions expenditures do not exceed the revenues. With regards to the adequacy challenge, the Lithuanian Parliament has adopted several pieces of legislation, aimed at improving the pension adequacy for current and future pensioners. These include: pension recalculations for pensions with long insurance history; indexation of the social insurance pensions [7.6%]; an extraordinary increase of the lowest social insurance pensions; an increase of the social assistance pensions; as well as a reform of the funded pension system, aimed to increase the coverage of the funded pension scheme and increase the amount for future pensions.

The reported measures increase the fiscal sustainability of the pension stems in the short- and medium turns and address the issue of adequacy in the short term. In the long term, the increase in the adequacy of pensions is expected to remain limited due to the decrease in the working-age population and low public expenditure on pensions. (European Commission Country Report, p. 28). The SPC considers that Lithuania has achieved **some progress** in addressing the requirements of the CSR and encourages the Lithuanian government to continue with its efforts in the area.

2. POLAND

CSR #2 **Ensure the sustainability and adequacy of the pension system by taking measures to increase the effective retirement age and by reforming the preferential pension schemes.**

Poland reports on measures to increase the awareness of the general population regarding the possible results of their choice concerning retirement age in relation to their future pensions benefits. The measures include television and radio campaigns, distribution of letters containing individual information about benefit levels and predicted levels after retirement; the establishment of a pension calculator and of advisors in the Social Security Institution Field offices. The government of Poland is also planning to review the performance of the agricultural pensions system. A dedicated task force has been established and will start work at the beginning of 2019. SPC also takes note of an extraordinary payment foreseen for 2019 and planned changes in the indexation mechanism.

Poland does not report on any concrete measures to increase the effective retirement age and reform special pension arrangements. In light of the scale of the sustainability and adequacy challenges to the pension system in Poland, the SPC is of the opinion that **no progress** has been made to address the requirements of the CSR.

3. SLOVENIA

CSR #1 Ensure the long-term sustainability and adequacy of the pension system, including by increasing the statutory retirement age and by restricting early retirement.

Slovenia reports on a range of soft labour market measures, aimed at increasing the retirement age. These include financial incentives, education, training for workers and employers, as well as ensuring the health and safety at work. The measures are part of the agreement reached with the social partners for future adjustments of the pension system. The Slovenian government plans to build on this agreement and submit a first batch of changes to the pension insurance legislation for discussion in the Parliament in May, 2019. Slovenia also reports on some measures to increase the amount of the lowest old-age or disability pensions.

The SPC welcomes the agreement reached with the Social Partners and the commitment made by the Slovenian government. Since the changes of the pension insurance legislation are currently in preparation; since many of the announced measures are still to be implemented; and since the reported measures to improve the adequacy of pensions are limited in scope to the lowest end pensions, the SPC is of the opinion that further efforts are required to ensure the long-term sustainability and adequacy of the pension system. Slovenia has achieved **no progress** in addressing the requirements of the CSR.

VII. CLUSTER: PENSIONS B

1. BELGIUM

CSR #1
Pursue the envisaged pension reforms and contain the projected increase in long-term care expenditure.

Belgium reports that a number of pension reform measures, agreed in 2011 and 2015 are already implemented. Among these are efforts to increase the effective retirement age, limit the early retirement schemes, as well as to establish an institutional framework aimed at monitoring the pension reform process. Policy actions undertaken in 2018 include measures to improve the fiscal sustainability of the pension system, through efforts to encourage longer working lives and a less generous treatment of unemployment, as well as the introduction of a mixed pension for civil servants. Further measures include the introduction of a part-time pension in the public sector, recently extended to the wage earners' scheme and the self-employed which would make the combination of work and pension possible, providing that the early retirement conditions are satisfied.

SPC is of the opinion that Belgium has come a long way in implementing the measures announced in previous government agreements; however the projected increase in pension expenditure remains significant and puts the long-term sustainability at risk. In addition, some important reforms, such as the planned measures about the definition of 'arduous jobs' and the introduction of 'credit-based public pension system' are still pending. SPC therefore considers that Belgium has achieved **some** progress in addressing the requirements of the CSR.

2. CZECH REPUBLIC

CSR #1
Improve the long-term fiscal sustainability, in particular of the pension system.

The Czech Republic monitors closely the development of the pension expenditure. As part of the regular reporting by the Ministry or Labour and Social Affairs a report evaluating the current retirement age will be completed in 2019. The report will determine, if appropriate, any proposals for retirement age adjustments, based on the developments of life expectancy. The next Report (in 2024) will serve as a monitoring and evaluation tool for the policy enacted based on the current report.

The SPC recognizes the commitment of the Czech government to follow closely the developments in pensions-related expenditure. As at that stage it is still unclear what reforms would be taken to improve the sustainability of the pension system the SPC is of the opinion that the Czech Republic has achieved **limited progress.**

3. IRELAND

CSR #1
Address the expected increase in age-related expenditure by increasing the cost-effectiveness of the healthcare system and **by pursuing the envisaged pension reforms.**

In response to issues referred to in the pensions-related part of the CSR, the Irish government launched the *Roadmap for Pensions Reform* on 28 February 2018 – an ambitious multiannual policy programme, covering the period 2018-2023. Ireland reports that the implementation of the first two measures of the programme – the *Total Contributions Approach,* aimed at reducing anomalies related to pension calculation; and the *New Automatic Enrolment Savings System* aiming to improve the adequacy and sustainability of the pension system through automatic enrolment into the second pillar - is well underway.

The SPC is of the opinion that, when completed, the announced *Roadmap for Pension Reform* will address the long-term sustainability of the Irish state pension system. However, as many of the announced measures are yet to be implemented, the SPC is of the opinion that Ireland has made **some progress.** The SPC encourages Ireland to continue with its efforts to address the recommendations of the CSR through implementing the planned measures.

VIII. CLUSTER: PENSIONS C

1. FRANCE

CSR #1
Progressively unify the rules of the different pension regimes to enhance their fairness and sustainability.

France is considering the creation of a universal pension system to replace the current 42 distinct pension schemes (organized by profession and status). The reform requires changes in the legislative framework. In October 2018, the government presented the main principles of the future pension reform. Consultations with social partners are currently on-going, while the adoption of the reform is scheduled to take place by the end of 2019.

France has initiated an important reform, with the potential to address fully the requirement of the CSR. Since the reform adoption is still pending, the SPC recognizes that France has taken important steps to address the requirements of the CSR, but **progress remains limited** at that stage.

2. CROATIA

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

In 2018, the Croatian government adopted a Pension system reform package, which came into force in 2019. The reform contains important measures, aimed at addressing design inconsistencies in the system, improving pension adequacy through longer working lives, and strengthening the institutional setup and performance of the 2nd mandatory pillar.

The SPC considers that the measures reported by Croatia have the potential to address the CSR. The required legislation has been adopted and the implementation of the reform is on-going. The SPC recognizes the important steps taken by the Croatian government and concludes that **substantial progress** has been achieved. Croatia is encouraged to proceed with the implementation of the reform package and ensure a continuous monitoring and evaluation of the effect of the reform.

3. NETHERLANDS:

CSR #2
Ensure that the second pillar of the pension system is more transparent, inter-generationally fairer and more resilient to shocks.

The 2018 Council recommendation is a follow-up recommendation. The SPC takes note that the Netherlands is not reporting on any new measures. ***Thus, the Committee continues to carry-on its opinion from 2017.***

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**[2] has been made.

[2] In 2018, the European Commission assessment of the country's progress on this CSR was 'no progress', on the basis that the concrete measures addressing the CSR were still to be announced and agreement with the social partners on the government proposal was still pending.

IX. CLUSTER: PENSIONS D

1. AUSTRIA

CSR #1
Ensure the sustainability of the health and long-term care and **the pension systems, including by increasing the statutory retirement age and by restricting early retirement.**

The 2018 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 and 2017**

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. Furthermore, Austria set some incentives to continue working beyond the statutory retirement age. 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.*

2. GERMANY

CSR #2
Take measures to promote longer working lives.

Germany's response to the requirements of the CSR is based on a three-pillar approach comprising of efforts to 1) set effective incentives for later retirement; 2)promote prevention and rehabilitation and 3) strengthen continuous education and training to support people employability throughout working lives.

Recent government measures include efforts for the integration of the long-term unemployed into the labour market (via generous wage subsidies for up to 5 years), as well as measures to promote and improve access to continuous education and training for employees. Germany has also set up a Commission "*Reliable Intergenerational Contract*" which in mid-2018 started its work to develop recommendations for long-term adjustments and reforms of the pension system beyond 2025. The SPC also notes that Germany continues the gradual increase of the standard retirement age to 67 and the phasing out of certain early retirement schemes.

The SPC is of the opinion that Germany has introduced some measures that can contribute to addressing the requirements of the CSR. Since the impact of these measures is yet to be established and since the Pension Commission's proposals for increasing pension system sustainability and adequacy are not expected until March 2020, the Committee considers that Germany has achieved **some progress**.

3.

4. LUXEMBOURG

CSR #1
Increase the employment rate of older people by enhancing their employment opportunities and employability while further **limiting early retirement, with a view to also improving the long-term sustainability of the pension system**

The 2018 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 and 2017.**

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 discussed 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 main conclusions drawn from these discussions have been included in a report.

The SPC welcomes the consultations with social partners and other stakeholders on policy measures. The Law to limit pre-retirement has entered into force on 11 December 2017 and the "préretraite-solidarité" is abolished as of 1 July 2018. 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.

SPC is of the opinion that Luxembourg has made only partial progress in addressing the CSR.

5. **MALTA**

CSR #2
Ensure the sustainability of the health care and **the pension systems, including by increasing the statutory retirement age and by restricting early retirement.**

Malta has previously introduced some important measures to enhance the adequacy, sustainability and social solidarity of the pension system. These measures include providing incentives to promote longer working lives, increasing the standard pensionable age from 61 to 65, increasing the contributory period from thirty to forty years and changes to the benefit formula. Past efforts have shown positive results, as the duration of working life in Malta has increased by 5.5 years over the period 2008-2017, the second largest increase in the EU. The reported recent measures include efforts to diversify retirement income and reduce dependency on state pensions, as well as to extend the incentive mechanisms for persons to defer their pension to public sector employees.

The SPC is of the opinion that in the past Malta has taken significant steps to address the long-term sustainability challenge of the pension system. Since the impact of the more recent measure on the sustainability of the pension system is not yet clear, the SPC concludes that MT has achieved **some progress.**

X. CLUSTER: HEALTHCARE A

1. BULGARIA

CSR #3
In line with the National Health Strategy and its action plan, improve access to health services, including by reducing out-of-pocket payments and addressing shortages of health professionals.

Bulgaria reports on a number of measures to improve the accessibility and the effectiveness of the healthcare system. These include continued efforts to implement the National Health Map; to modernize the Emergency Medical Care System; as well as to reduce the direct payments made by patients through updating the Health and Health Insurance Acts. Additional efforts directed at overcoming the shortage of medical professionals (particularly nurses, whose proportion is only half of the EU average) include improvement of the specialization conditions for doctors and dentists; increased remuneration for nurses; as well as the provision of basic healthcare services by carers and healthcare assistants.

The number of people reporting unmet medical needs[3] has been decreasing, however the gap between the better and the worst off is more than 2 times the EU average. The number of people with Bulgarian citizenship who do not have health insurance is estimated to be 719,000,. In addition, the share of public spending in total health expenditure remains one of the lowest in the EU (around 50 % compared to 77 % on average). This can adversely impact the access to healthcare.

SPC and WPPHSL acknowledge the reform efforts of Bulgaria. However, in view of the remaining challenges the groups consider that Bulgaria has made **<u>some progress</u>** in addressing the requirements of the CSR. Bulgaria is therefore encouraged to proceed with its efforts and speed up the implementation of the National Health Strategy action plan.

[3] Self-reported unmet needs for medical care concern a person's subjective assessment of whether he or she needed examination or treatment for a specific type of health care, but did not have it or did not seek it because of the following three reasons: 'Financial reasons', 'Waiting list' and 'Too far to travel'. The problems that people report in obtaining care when they are ill often reflect significant barriers to care.

2. LITHUANIA

CSR #2
Improve the performance of the healthcare system by a further shift from hospital to outpatient care, strengthening disease prevention measures, including at local level, and increasing the quality and affordability of care

Lithuania continues with its efforts to implement the *National Public Healthcare Development Programme* (2016-2023), part of the *Lithuanian Health Strategy*. The latest reforms reported by Lithuania include measures to reduce the out-of-pocket payments for pharmaceuticals; measures to improve the availability and accessibility of primary health-care; efforts to promote healthier life-style; as well as efforts to further rationalize the resources available, in combination with measures to improve the quality of both hospital and primary care.

In view of the information presented, the SPC and the WPPHSL are of the opinion that important steps were taken to address the requirements of the CSR. However, given the magnitude and complexity of challenges, as well as the state of play of reforms **progress** in addressing the CSR remains **limited.** Lithuania is encouraged to accelerate he shift from hospital to primary care, with stronger considerations given to measures to improve quality in both segments. Additional efforts to address the affordability of pharmaceuticals for specific groups are also encouraged.

3. LATVIA

CSR #2
Increase the accessibility, quality and cost-effectiveness of the healthcare system.

The policy measures presented by Latvia are part of the Healthcare reform, started in 2017.

In 2018, the amount of available financing for the healthcare sector was increased in an effort to improve the remuneration of medical staff, the accessibility of health services and the availability of innovative medicines. The availability of additional public financing for the healthcare sector has led to reduced waiting times for some interventions and increased availability of health services. A further increase in the healthcare financing is foreseen for 2019.

Latvia reports on additional legislative and non-legislative measures aimed at increasing the accessibility and cost-effectiveness of the healthcare system: an expanded list of subsidized pharmaceuticals; higher reimbursement rate for specific pharmacological treatments; expansion of the strategic procurement procedure, based on specific quality areas. Latvia has also initiated structural reforms to improve the efficiency and quality of the healthcare system. These reforms are supported with financing from the EU funds and the state budget, and include, *inter alia*, the introduction of quality assurance system, as well as the development and introduction of cooperation models for hospital and for general practitioners. These reforms are still at an early phase of implementation.

Based on the information presented, it can be concluded that Latvia has taken positive steps in addressing the CSR as the reported measures contribute to increasing the accessibility, quality and cost effectiveness of the healthcare system. The SPC, together with the WPPHSL is of the opinion that Latvia has made **some progress** in addressing the 2018 Country specific recommendation. Latvia is encouraged to continue with the development of the cooperation models, as well as to strengthen its efforts to reform the primary care system.

4. ROMANIA

CSR #2
Improve access to healthcare, including through the shift to outpatient care.

Romania continues with the implementation of the National Health Strategy (NHS 2014-2020), which started in 2016. Several actions and measures under development are being reported. These aim at improving access to healthcare for the most vulnerable; at promoting healthier life-styles; at curbing informal payments; as well as at modernizing healthcare provision at regional level (through the planned construction of three regional emergency hospitals). Efforts are also underway to create the necessary conditions for a shift from inpatient to outpatient care. At the same time, the roll-out of community care centers, which have the potential to reduce the current high level of avoidable hospital admissions, is delayed.

The SPC and WPPHSL [the senior level group] acknowledge the efforts made by Romania to address the council recommendation. However, given the scale and the magnitude of the challenges in the healthcare sector **progress** in addressing the CSR remains **limited.** Romania is encouraged to continue implementing the planned measures to reform the healthcare system and further pursue its policy initiatives to strengthen the shift to outpatient care.

XI. CLUSTER: HEALTHCARE B

1. CYPRUS

CSR #5
Take measures to ensure that the National Health System becomes fully functional in 2020, as planned.

In 2017 Cyprus adopted the necessary legislation for the establishment of *a National Health Insurance System* and for *State Health Services Organization,* thus paving the way for providing universal healthcare coverage and the completion of a major hospital reform by 2020. Cyprus reports on adopting and implementing some of planned measures for the first phase of the reform. A number of additional measures are also reported. These include the restructuring of the primary healthcare centers, the development of eHealth services, as well as measures in the area of pharmaceuticals and measures to reduce the waiting times are reported.

The SPC and WPPHSL note that the reform of the healthcare system is advancing and conclude that **some progress** has been achieved. Cyprus is encouraged to maintain the pace of the reforms and continue with the implementation of the second phase of the reform, in view of its completion by 2020.

2. FINLAND

CSR #1 **Ensure the adoption and implementation of the administrative reform to improve cost-effectiveness and equal access to social and healthcare services.**

Finland has announced an ambitious health and social services reform aiming to improve the cost-effectiveness and guarantee equal access to high-quality services across the country. The legislation needed for this reform was agreed by the previous government, but it was not adopted by the Parliament. A new parliament will be elected in April 2019. Certain preparatory actions have been undertaken at county level, but the structure and the actual implementation plan of the reform will be decided by the next government.

In view of the delay, the SPC and WPPHSL conclude that Finland has achieved **limited progress** in addressing the requirements of the Council recommendation. Finland is therefore encouraged to proceed with the adoption of the legislation and the roll-out of the planned policy initiatives.

3. MALTA

CSR #2 **Ensure the sustainability of the health care** and the pension systems, including by increasing the statutory retirement age and by restricting early retirement.

Malta is taking steps towards the development of a more decentralized and efficient health care delivery model, notably through investments in the development of additional primary care capacity and the introduction of an eHealth system.The SPC and the WPPHSL consider that Malta is in the process of making further improvements in its healthcare system. However, since the impact of these measures on the long-term sustainability of the healthcare system is not yet clear, **progress** in addressing this part of the CSR is regarded as **limited**.

4.

5. SLOVENIA

CSR #1 **Adopt and implement the healthcare and health insurance act** and the planned reform of long-term care.

Slovenia reports continued preparatory work for the adoption of the new *Health Care and Health Insurance Act*, which is expected to replace the current legal basis of the Slovenian healthcare system (in place since 1992) and pave the way for measures to ensure the long-term sustainability of the system. The adoption of the act, originally planned for 2017, has been postponed for the second half of 2019. The new Slovenian government (in office since September 2018) has confirmed its commitment to adopt the planned legislation, but all stages of the pre-legislative procedure (discussions with key stakeholders and inter-ministerial consultations) will have to be repeated.

In view of the presented information, the SPC and WPPHSL assess that Slovenia has made **limited progress** in the adoption of the act.

XII. CLUSTER: HEALTHCARE C

1. AUSTRIA

CSR #1 **Ensure the sustainability of the health and long-term care** and the pension **systems,** including by increasing the statutory retirement age and by restricting early retirement.

Austria continues its efforts to implement the previously agreed *target-based health governance approach*. This approach consists of a range of agreed actions aiming to shift services away from the costly hospital sector. In addition, non-binding healthcare expenditure caps have been introduced to further align public healthcare spending with economic development. Austria also reports on measures to strengthen the delivery of primary health care services, with a view of enhancing the quality and effectiveness of outpatient care, thus contributing to a reduction of the high hospital rates. The primary care reform implementation is still ongoing. Austria continues to roll out its Electronic Health Record system in all *Länder* by the end of 2019. With regards to Long-term care, Austria reports that it is working to develop a comprehensive concept of the long-term care system, on the basis of a recently adopted *Long-term Care Master Plan*. However important challenges remain, as due to demographic changes and increasing life expectancy, healthcare and long-term care spending as a percentage of GDP are projected to increase steadily.

In view of the information provided in the reporting fiche and in the country report, the SPC and the WPPHSL are of the opinion that Austria has achieved **substantial progress in the area of health-care** and **limited progress in the area of long-term care**

2. IRELAND

CSR #1
Address the expected increase in age-related expenditure by increasing the cost-effectiveness of the healthcare system and by pursuing the envisaged pension reforms.

In 2019, Ireland initiated *Sláintecare* - an ambitious 10-year reform plan, aimed at improving the healthcare and social care systems to meet the demands of an ageing population. Initial funding has been made available to set-up an integration fund, which will support the scaling up of the provision of integrated healthcare schemes, as well as the establishment of a Sláintecare Programme Implementation Office. Ireland also reports on some measures to improve the provision of care for older persons; home support schemes and access to medicines.

In view of the presented information, the SPC and WPPHSL acknowledge the potential of Sláintecare in making the Irish health system universally accessible and sustainable and welcome Ireland's efforts to produce a long-term reform strategy, as well as its first outcomes. As the programme is still in its early stages and given the complexity and the scale of the implementation challenges, the two groups conclude that the country has achieved **some progress** in addressing the requirements of the CSR and encourage Ireland to step up its implementation efforts

3. 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.

The SPC and WPPHSL took note that Portugal was absent from the meeting.

It view of this absence, the Committee did not hold a Multilateral Implementation Review on the progress in addressing the requirements of the Portuguese CSR.

*The SPC and WPPHSL took note that the proposed assessment in the 2019 Semester Commission Country Report qualifies the implementation as **limited progress**.*

4. SLOVAKIA

CSR #1
Implement measures to increase the cost effectiveness of the healthcare system and develop a more effective healthcare workforce strategy.

Slovakia reports on several measures to increase the cost effectiveness in its healthcare system. The implementation of the *Value for Money* project is in its second year and has generated significant savings, even if they are below the previously set ambitious annual savings targets. Slovakia also reports on its efforts to overhaul the redistribution mechanism of resources, related to functioning of the health-insurance companies. To address the development of a more effective healthcare workforce strategy, the Slovak government has set-up salary increases for nurses and other health personnel by at least 10% in 2019, and a series of financial incentives for nursing graduates to start and continue their career in Slovakia.

In view of the implemented measures, the SPC and WPPHSL acknowledge the important efforts in the last year and are of the opinion that Slovakia has made **some progress** in addressing the requirements of the CSR.