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Pensions, Health Care and Long-term Care

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Table of Contents

1 Executive Summary

For much of 2011, events seemed to follow the same path as those in 2010. Political negotiations to form a new federal government dragged on and broke all the records in its category, and the caretaker government continued to take care. All the while, socio-economic issues were all but invisible on the political agenda, apart from occasional public remarks and a reiteration of known viewpoints.

Political negotiations were pushed along under mounting pressure from the financial markets, and when Belgium finally caught the unwanted attention of the rating agencies, the threat of expensive borrowing rates brought a sense of urgency which in the end led to the formation of a government on 6 December 2011.

The new government swiftly set out in an attempt to turn the tide and to regain the respect of the international markets. A package of savings worth € 11.3 billion was rapidly prepared and just as quickly implemented. To achieve a balanced by the year 2015, € 2 billion more will be needed. Such action naturally leaves its mark on the social security system, which after years of devolving powers to the Regions and Communities represents the largest share of federal expenditures today.

In the pension system, action is decidedly resolute. With the goal of wanting to encourage longer careers, avenues to early retirement are cut and special pension schemes are curbed. A clear message rings through a set of important measures that were enacted almost immediately after the inauguration of the new government: everyone will have to work two years longer.

In the health care system, an economy of € 2.3 billion is realised. As most of this money comes from a reduction in the growth norm which in previous years had propelled health care expenditures forward at an automatic yearly rate of 4.5%, and thus from not spending already budgeted funds, the system itself is barely touched and real savings are almost absent.

Long-term care is mostly organised along a medical model of care delivery, and is thus affected in much the same way.

These measures are to a large extent inspired by the need for budgetary austerity, and seem not to be based upon comprehensive policy or an encompassing view on the social protection system. They represent urgent changes in the system that are acceptable to both the traditional political right and left, reflecting a compromise between opposing ideologies represented in the new coalition government. As such, they however do not constitute the fundamental reform which the social system in Belgium needs so much.

Changes in the pension system leave fundamental questions as to equity, sustainability and adequacy untouched, and the measures taken in the health care sector fail to take the shape of smart investments. And in all fields discussed in this report, quick acting risks bringing chaos in the timing and modalities of agreed transfers of powers from the federal to other state levels. Saving the Belgian state finances is of course the basis for maintaining the social protection system. The need for a more fundamental re-thinking and perhaps re-design of its different constituent parts however urgently remains.

2 Current Status, Reforms and the Political and Scientific Discourse during the previous Year (2011 until February 2012)

2.1 Overarching developments

After years of political trouble, Belgium finally has a new federal government. Its coalition agreement heralds important changes in the pension and health care system. Some of these changes have already been enacted; some are at present merely announced. In the various chapters of this report, those changes are reflected about which there was reasonable certainty on 1 February 2012. However, the swiftness with which events take place also means that there is a good amount of adaptations and back-tracking going on. For example, changes in the paid leave scheme were announced, swiftly enacted, and then followed by adaptations to the various transitional provisions.

These changes, done and sometimes undone, take place against a background of uneasiness on the level of politics, state finances and social deliberation.

Political situation

In our previous Annual National Report, we offered a description of the political situation and attempted to explain why forming a federal government proved such a difficult exercise. The saga, which ran for a record-breaking 541 days, finally came to a conclusion on 6 December 2011 with the swearing in of the government Di Rupo I. Since then, political action has been surprisingly swift and decisive. A short outline of key events over the course of 2011 helps to interpret these developments.

The negotiations to form a new federal government after the elections of 13 June 2010 had not yet yielded results in July 2011. What is more, social-economic issues were not at all on the agenda, and were in fact explicitly excluded from government talks. The reasoning behind this was that ongoing conflict concerning State organisation and the division of competencies had to be resolved first. This bearing however also meant that any evolution of social policy in the past few years has been limited to the continuation of old policies and to small changes in the margins of the system.

The political deadlock was broken in the beginning of July 2011, when Elio Di Rupo (at that time appointed by the King to lead a new round of negotiations) published a text with concrete propositions. The New-Flemish Alliance (N-VA), winner of the elections in Flanders and until then deemed un-ignorable, rejected this note partly on the basis that it contained too few savings and too many new taxes. During a televised press conference, the proposals were analysed and cast aside as insufficient. The other political parties hesitated whether or not to enter negotiations on the basis of this text, but after an emotional appeal by the King on the eve of the Belgian national holiday, eight political parties decided to try and form a government without the N-VA. At the same time, agreement was reached to solve the institutional questions first (and socio-economic issues later) and after a short holiday, negotiations recommenced by the end of summer.

In terms of politics, the rest of the story is that agreement on institutional issues was reached on 11 October 2011, which in turn opened the door to talks about social and economic issues. Conclusions on these topics were rather swiftly achieved on 26 November 2011, but not without an intermediate crisis which threatened to terminate all talks. The problem seemed to be not so much in the content of new measures, but more in the balance of savings versus new

taxes. The stance of mainly the Flemish negotiators was all the harsher now that they feared to be depicted as "giving in" by the N-VA, who would now form the largest opposition group in parliament.

Finally, on 6 December 2011, the longest government formation in modern history came to an end and action followed swiftly.

Policy propelled by the international markets

During most of 2011, a caretaker government under Prime Minister Yves Leterme governed within the confines of what is called "running affairs" ("*lopende zaken*"; "*affaires courantes*"). Strictly speaking, the concept does not stop a government from taking action on any topic, as long as parliamentary support is given. In practice however, it is customary for a caretaker government to not take any action which may limit the policy-room of the next government with full authority. Moreover, the caretaker government was composed of those political parties who had lost the elections and of the French-speaking Socialist Party (PS), leaving one of the election winners outside, and one inside of government. All in all, the caretaker government has done a good and important job in minding daily affairs and even in lowering the budget deficit.

In this respect, it is important to note that the state budget could be kept under control for most of 2011 simply by continuing the budgetary austerity of 2010. More savings however became necessary, but to implement deeper cuts, a parliamentary majority on specific issues or a working government with full powers were needed. In other words, where the "janitor government" succeeded to keep things under control in 2011 from the perspective of state finances, this would not be possible in 2012.

The continuing political crisis in Belgium eventually caught the attention of the international markets on which Belgium relies to maintain and finance its long-standing sovereign debt and current budget deficit. When on 26 November 2011 agreement was finally reached on socio-economic issues and the connected budget, this happened in an atmosphere of utmost urgency. In the week preceding the agreement, the interest rate at which Belgian needed to borrow neared 6%, and the evening before the nightly meeting that brought solace, Standard & Poor's had lowered Belgium's credit rating from AA+ to AA[1].

In the end, the 2012 budget represents a savings of € 11.3 billion when compared to 2011. 42% of that amount can be characterised as cost-cuts against 34% as new taxes. The remaining 24% is found in diverse measures such as better organised action to combat fiscal and social fraud. In 2013, the share of cost-cutting measures should increase to 50%, versus 28% new taxes.

Hopes that this push would suffice to reach a balanced budget by 2015 were swiftly crushed when the European Commission calculated that another € 1.3 to 2 billion would be needed to push the budget deficit back to 2.8% of GDP in 2012 – a change largely due to an updated estimate of GDP growth. As a result, the government is back at work, trying to find more measures to cut the budget. These measures will surely be painful and might very well have an influence on the decisions we describe in this report.

The remarks coming from Europe are received differently by different stakeholders and politicians. To some, they represent mere logic and confirm that budgetary equilibrium is to be reached through savings, not taxes. To others, the European Union interferes too much with national policy and is too biased towards economic figures, rather than paying attention to

[1] The cost of borrowing at 6% was largely avoided because many citizens answered a public appeal to take-up an emission of government bonds at advantageous conditions. Government collected a record € 5.7 billion of (domestic) investment in this way, even amid doubts as to the tax treatment of acquired interests.

increasing social protection for the weaker in society and to encouraging economic growth through public investment. Communications about stricter conditions and possible sanctions, together with the news from Greece, prompt some politicians to question the legitimacy of the EU interventions and the current balance between austerity and stimulus measures.

Fundamental for this report is the overall impression that measures taken by the new government take the form of emergency intervention rather than systemic adaptation. One cannot shake the feeling that, even after more than one and a half years of preparation in work groups and task forces, content work has been tossed at the last moment to be replaced by linear cuts in costs. As nobody knows for certain what has been on the table before the budget took over as an absolute priority, this idea cannot be confirmed. If there is indeed a set of already agreed upon structural measures, it can be hoped that the following will provide the necessary arena for them to be put forward.

With or without the social partners

The plans of the new government (and especially the budget measures) have been met with vocal opposition from the trade unions. Employer organisations are also not entirely happy, but for the reason that necessary reforms, again, seem to be reported. For employers, it seems, things do not go far enough; for employee organisations, the social system seems to be at the brink of being demolished.

Action and protests mainly target the pension reform initiatives taken by the government. Two other issues however remain important.

The *distinction between blue-collar workers and white-collar workers* runs throughout Belgian labour and social security law. Belonging to one group or the other makes a real difference in terms of applicable collective agreements, wage elements and social (security) provisions, and responsibilities for both employers and employees[2]. Moreover, different labour law provisions result in different procedures and compensations in the case of termination of contract.

From a societal point of view, the distinguishing elements between manual and intellectual labour are no longer as apparent today as they were at the conception of these different schemes. It is for example difficult to determine whether a shift supervisor on the factory floor is performing manual or intellectual duties. However, the dichotomy has generated vested interests, with different trade unions, sectoral agreements and so forth. Particularly this factor may help to explain why, despite being debated for years, agreement among social partners on the issue is elusive.

Nevertheless, the 2011-2012 Inter-Professional Agreement contained a plan to gradually introduce a uniform statute for both types of workers, with concrete measures concerning holiday pay, redundancy compensation, collective bargaining, temporary unemployment, and sick leave cost for the employer. This compromise between negotiators was however rejected by a majority of trade union members, after which the government took it upon itself to enact many of the elements that can be found in the discarded text[3]. So, from 1 January 2012 onwards, notice periods (and the corresponding redundancy compensation) applying to new contracts will be less divergent between the two systems, the system of temporary unemployment for white-collar workers will change from a crisis measure to an affirmed mechanism, and laid-off white-collar workers will receive a special compensatory severance benefit which is charged to the unemployment insurance.

[2] For example, sectoral second-pillar pension schemes have mostly been set up for blue-collar workers.

[3] The main text containing the government compromise is the Act of 12 April 2011 (State Gazette, 28 April 2011).

These currently enacted changes will probably not stand for long. On 7 July 2011, some three months after the law carrying these provisions was passed, the Constitutional Court adjudicated a ruling in which the difference of legal treatment between white- and blue-collar workers is proclaimed to be unconstitutional, and in which the government is given until 8 July 2013 to make the necessary adaptations to the various pieces of legislation[4]. While the coalition agreement refers to this case-law, it offers no details on how equalisation will be achieved. Extending the most advantageous arrangements of both systems to everyone would be too expensive, so compromise will have to be found in which both groups will gain and loose. It can be expected that, rather than just making sure discrimination disappears in the fields of dismissal law and labour law, changes will be proposed that touch the organisation of the social deliberation model. Such changes will however require extensive talks with and between the social partners and might therefore be left to the run-up to the 2013-2014 Inter-Professional Agreement.

Indexation is a mechanism used to allow social benefits and wages to grow along with the increase of consumer prices[5]. The "index" itself is a mathematical value that is calculated taking into account the price of a collection of consumer goods and services. As prices increase due to inflation, the index itself also increases.

In the public sector, the adaptation of wages to the index is fixed by law. The same mechanism is used for social benefits, which therefore are automatically adjusted according to inflation. For wages in the private sector however, wage adaptation using the index is not legally prescribed but follows from sectoral collective agreements between the social partners and is part of the "wage norm". Indexation of wages is seen by many as an acquired right. The desire of employers to open the door to a change in the mechanism or in the way the index itself is composed, is conceived by the trade unions as nothing less than a declaration of war against workers' interests. Even proposals to merely study the mechanism have in the past been sufficient to cause aggravation. Wage indexation remains a divisive issue for the social partners, and it is doubtful that consensus on the topic can ever be reached through the usual deliberation channels and mechanisms.

At present, changes to the mechanism of wage indexation are not on the table. The issue is however also not been put to rest, with challenges and criticism voiced with increasing frequency and in an increasingly bold fashion.

Both of these issues have in common that they could not be resolved through agreement between social partners, but that they nevertheless will require quick resolution. For the indexation, the urgency is found in economic logic. For the issue of workers' status, in legal declarations and in the cost of inaction.

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[4] Constitutional Court, case 125/2011 of 7 July 2011. The questions before the Court were specifically about the different notice periods for white- and blue-collar workers and about the fact that blue-collar workers do not get compensation for the first day of sickness ("carenzdag") while white-collar workers do. Other differences such as for instance concerning holiday pay are not discussed.
The relatively short transitional period to which the Court adheres can be explained by referring to a previous ruling of 8 July 1993 in which the Court essentially decided the same, but asked the government to gradually remedy the situation. Eighteen years later, the Court seems to define the term "gradually" to the now permitted total of 20 years.

[5] When discussing the Belgian index mechanism, it is important to take into account that the Belgian index reflects inflation, but not wage evolution. Adapting wages and benefits using the index mechanism therefore does not fully safeguard purchasing power in that respect. Moreover, the public debate concerning indexation does not always make the difference between the indexation of wages and the indexation of social benefits. Viewpoints and opinions should therefore be assessed carefully.

The protestations of the trade unions have so far not been greeted with much societal support. On the contrary, as more and more examples of preferential treatment for this or that professional group come into the limelight, the feeling seems to grow that trade unions are only there to sustain the privileges of some at the expense of others. It seems therefore ironic that the biggest impact of industrial action to date has been that the government has adapted some of its plans to meet the concerns of groups to which a special and more beneficial arrangement applies.

Other social policy measures

The changes in the fields of pensions, health and long-term care are not the only initiatives taken by the new government. In labour market policy, unemployment benefits will diverge according to the length of the unemployment period, and both young and old unemployed will be pushed harder to find a job. Mechanisms of career interruption and paid leave are made less attractive, and the general focus shifts to valuing periods of work above periods of inactivity when it comes to building up benefits.

Unfortunately, many of these measures come across as rather haphazard and non-structural. While there is certainly logic in the total package, it does not amount to comprehensive and thought-through reform, but rather to a set of emergency measures along a common thread.

2.2 Pensions

2.2.1 The system's characteristics and reforms

Very soon after the Di Rupo I government took office, changes to the pension system were announced and promptly enacted. The speed with which this was accomplished took many by surprise. It also makes it difficult to offer a precise description of the pension system today, as certain measures are adapted "on the go", answering to remarks, protestations and further negotiations.

Thus, the description below depicts the system as it was for most of 2011. The adjustments recently made are inserted where appropriate, with the caveat that some changes may still be adapted and should not be considered to be set in stone even if already written into legislation. While it is not to be expected that the fundamental aspects of the reform measures will be altered, adding transitional provisions and tweaking parameters can easily lead to different impacts, which in turn means that modifications might not have the importance they would seem to have at first sight.

The **first pillar**[6] of the Belgian pension system consists of three provisions: the retirement pension, the survivor's pension, and a scheme called "Guaranteed Income for the Elderly" (*Inkomensgarantie Ouderen* or *IGO*)[7].

[6] The fundamental difference between first, second and third pillar social security provisions is adequately reflected in this definition of social security: "Social security is a collection of redistributive arrangements intended to reach a situation of optimum protection against collectively recognised human damage. The first pillar consists of those regulations in which redistributive flows of finance are controlled by public institutions (defined by the OECD as "general government" and encompassing central government, local governments and social security institutions). The second and third pillars consist of social security regulations in which the redistributive flows of finance are controlled by private institutions. The second pillar is distinguished from the third pillar by its work-related character. This is expressed through the fact that such schemes are developed within an enterprise or an industrial sector, or within a professional category or group. Every individual, however, regardless of his professional status, is free to take part in the third pillar." Source: Onzichtbare pensioenen in België: een onderzoek naar de aard, de omvang en de verdeling van de tweede en derde pensioenpijler (eindrapport), GIESELINK, Gerhard, PEETERS, Hans, VAN GESTEL, Veerle et al, Gent, Academia Press, 2003.

Different systems of **retirement pension** and survivor's pension exist for employees, for self-employed and for civil servants.

The legal retirement age is 65[8]. Civil servants are prohibited from staying in service beyond that age[9] but are of course not prevented from taking up other economic activity, while employees and self-employed may decide to simply continue to work. For all three categories, a retirement pension cannot be combined with income derived from professional activity, with the exception of a low yearly amount[10].

Where early retirement is possible from the age of 60, this age will be brought to 62 by 2016 (in increments of six months per year). Employees and self-employed persons need to be able to prove the payment of contributions for at least 35 years in order to enter early retirement. This career requirement will be brought to 40 years by 2016. These conditions for early retirement will apply in all pension systems – the current rule whereby civil servants can enter early retirement from the age of 60 provided they have been in service for at least five years, disappears.

Year	***Minimum Age***	***Career***	***Exception for long careers***
2012	60	35 years	n.a.
2013	60.5	38 years	60, when a career of 40 years
2014	61	39 years	60, when a career of 40 years
2015	61.5	40 years	60, when a career of 41 years
2016	62	40 years	60, when a career of 42 years; 61, when a career of 41 years

In response to protest and discussion, further transitional measures were enacted. As a result, early retirement will remain possible in the years between now and 2016 for those who fulfil the conditions today (meaning that a worker who today is 60 and has a career of 35 years will be allowed to enter early retirement in 2014, even if the condition of a 39-year career has not been met). Moreover, for those between the age of 57 and 61 and with a career of at least 31 years, early retirement is reported by a maximum of two years.

For employees, the amount of the benefit is calculated as a percentage of the (capped) average individual wage over the period between 20 years of age and the normal pension age (75% for retired employees who have dependents without other income; 60% for all other employees). The benefit for self-employed persons is determined differently, on the basis of a low, flat-rate business income per year for the years prior to 1984 or of the (capped) business income for the subsequent years. Again, 75% is paid as a family pension, while 60% is paid for individuals.

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7 The "Guaranteed Income for the Elderly" is, strictly speaking, not a social security benefit, as it is financed from general taxation instead of contributions. The system is a non-contributory benefit in the sense of the European Social Security Coordination Regulations.

8 No plans are made to increase the legal retirement age.

9 The coalition agreement contains the plan to change this and to allow civil servants to work beyond the age of 65, but only with the agreement of the employer.

10 Those who can show a career of 42 years in 2013 will be allowed to combine work with receiving a pension after the age of 65, without limits. Professional activity while receiving a pension will however not lead to the accumulation of additional pension rights.
Working while receiving a pension before reaching the age of 65 will still be severely restricted.

An actuarial reduction in the pension calculation in case of early retirement is only implemented in the scheme for self-employed persons, not in the employee scheme.

In other words, the calculation of employee and self-employed pensions presumes a full career to be 45 years of work.

For civil servants, benefits are based not on the wages over the whole career, but on the average wage in the last five years of service. For civil servants who were younger than 50 on 1 January 2012, the last ten years will be taken into account. While different provisions may apply, in general, that amount is then divided by 60[11], and multiplied by the total number of service years taken into account. This calculation results in a maximum pension equal to 3/4ths of the final wage, explaining why the pension replacement rate is the highest for civil servants. Conceptually, pensions for civil servants are seen as a form of "delayed wages", rather than insurance-based benefits. Seen as an individual right, the benefit is not adapted to the family situation.

In all three systems, periods can be taken into account for which no contributions have been paid (so-called "equalised periods"). The way in which this is calculated differs among the systems. The 2011 pension reform measures change many of these rules from 1 January 2012 onwards. Generally speaking, new calculation rules adhere more importance to periods of work than to periods of inactivity, such as for example unemployment or career interruption. The details of these changes are at present still sketchy and new exceptions and transitional measures may still emerge[12].

Ceilings apply to the amounts taken into account to calculate the benefit (except for civil servants), but not to the amount on which contributions are paid.

Survivor's pensions are paid to the surviving spouse of an employee, self-employed or civil servant, who himself or herself is at least 45 years of age. The amount of the survivor's pension is 80% of the pension benefit of the deceased. Further specific conditions and modalities apply. In the system for civil servants, orphans benefit from an additional and separate pension. Following the 2011 reforms, the survivor's pension will be transformed to take into account the age, the number of children and the years of marriage or lawful cohabitation.

The statutory pension system in Belgium contains several arrangements to ensure that the amount of the pension benefit reaches and maintains a certain level.

An important mechanism to ensure adequate levels of pensions is the minimum right per year of work. Because pensions are calculated as a percentage of previously earned (capped and re-evaluated) wages, low wages can lead to low pension rights. The mechanism compares the re-evaluated wage in a particular year with the minimum wage, and takes into account the highest amount. The mechanism of minimum right per year of career was introduced in 1996. The notional minimum was raised by 17% in the framework of the "Generation Pact" (2005). Both the original setup and the increase logically should benefit women, due to generally lower wage levels.

A minimum pension is granted to persons who have worked at least 30 years (for at least half time). Before the Generation Pact of 2005, the minimum pension was only granted to those with a minimum of 30 years of work with a full-time contract. The adaptation in the mechanism of minimum pensions are also said to benefit women, as the percentage of women

[11] To some categories of civil servants, more generous calculation rules applied. Further changes in the calculation provisions mean that the minimum career requirement for civil servants to acquire a full pension is now 36 years. For more details, see http://www.pdos.be/pdos/pdf/professionals/pension_reform.02.nl.pdf.

[12] For example, the plans state that unemployment "of the third period" will only be taken into account in a limited way, but do not make explicit how this third period is defined.

working part time is significantly higher than that of men (41.5% versus 8.6% in 2009 and 42.3% versus 9% in 2010[13]).

Once the right to a minimum pension is established, the amount is then calculated on the basis of the career. This calculation is complex, and can lead to different amounts depending on the exact composition and placement of working periods.

When pension rights are not sufficient, a person has the right to a means-tested ***Guaranteed Income for the Elderly (IGO)***. This *IGO*, paid on top of whatever pension right is acquired, is slightly more generous than normal social assistance benefits. Furthermore, conditions for pensioners who live together with other family members (for example, their children) are changed favourably, meaning that the income of these other family members is no longer taken into account when the level of the *IGO* is determined. However, the benefit offered remains under the relative poverty line.

Once established, first-pillar pension benefits are adapted to the evolution of consumer prices (through the mechanism of indexation) and to the evolution of wages (through the mechanisms of the "prosperity bonus" (*welvaartsbonus*) and "perequatie" [14])[15].

Second pillar pensions in Belgium encompass all forms of supplementary pension rights financed by employers. These are the pension arrangements (other than the first pillar system) in which one can or must participate on the grounds of his or her professional activity.

The second pillar pension system is regulated by the 2003 Act on Supplementary Pensions[16] which creates socio-economic protection for supplementary pensions that are agreed on the level of the company or the sector of industry, and which determines the rules under which a second pillar system can be constituted. It further introduces fiscal measures to encourage take-up of the second pillar system, having observed that second pillar systems were until then almost exclusively joined by high wage earners – those for who the replacement rate of the statutory system is the lowest[17]. Second pillar pensions can be paid out either as a periodic payment, or in the form of a lump sum. An individual always has the choice to opt for periodic payments.

For employed persons, these are:

- "group company pensions" (financed through group insurance or a pension fund);

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13 Eurostat: http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&init=1&pcode=tps00159&language=en.

14 *Perequatie* is a mechanism that ensures that the pension amount of a retired civil servant goes up, every time the maximum of the remuneration scale that is applied to the last level he or she was on, goes up also. In practice, the pension amount is re-calculated every other year according to a *perequatiecoëfficiënt*. This coefficient expresses the relation between the pension amount and the maximum wage applied to the last function classification of the pensioner on the date on which the pension starts. This coefficient is then applied to the new maximum wage of his or her last position.

15 In May 2011 (and again in February 2012), first pillar pensions and the Guaranteed Income for the Elderly were raised by 2% through the mechanism of indexation. In addition, on 1 September 2011, minimum pensions for employees and self-employed and the Guaranteed Income for the Elderly were adapted through the mechanism of "prosperity bonus". On 1 January 2011, the system of " perequatie" brought an increase of the pension amount for civil servants of on average 0.7%.

16 Wet van 28 april 2003 betreffende de aanvullende pensioenen en het belastingstelsel van die pensioenen en van somige aanvullende voordelen inzake sociale zekerheid, *Belgisch Staatsblad*, 15 May 2003.

17 Figures on participation illustrate this policy concern: in 1999, a maximum of 30% of employees participated in a group company pension or a sector pension. Fiscal data for the same year shows that 80% of the total volume of benefits paid went out to 20% of the recipients. For a more detailed analysis of data prior to 2003, see GIESELINK, PEETERS, VAN GESTEL et al., 2003.

- "individual company pensions" (benefiting an individual employee, and subject to strict conditions to ensure its occasional rather than systematic character[18]);
- "sectoral pensions" (created on the basis of a collective agreement within a joint committee or sub-committee, obliging the employer in these sectors of industry to undertake pensions for all employees who fall within the scope of the collective agreement[19]).

While the first two types of arrangements are created on the basis of a unilateral decision by the employer, the sectoral pensions are based on collective bargaining.

For self-employed persons, the provisions of the second pillar contain:

- the free supplementary pension for the self-employed, which operates as an individual life insurance policy and is accessible to all self-employed;
- the supplementary pension for certain liberal professions (an opportunity given to members of certain professions through recognised pension funds, set up by the group of professionals concerned[20]);
- the supplementary pension for self-employed managers (some self-employed managers can participate in a group company scheme or benefit from an individual company pension).

At the end of 2009, 42% of those with a self-employed activity as their main economic activity contributed to the system[21].

The **third pillar** of the pension system includes different saving schemes with different fiscal treatment. In this respect, individual life insurance is to be distinguished from saving-based pension schemes. While the concept is similar, tax treatment of both arrangements is quite different.

The pension reforms announced at the end of 2011 also touch second- and third-pillar pensions. The fiscal advantage given to contributions made to second and third pillar systems will be reduced, and pensions taken up before the age of 62 will be taxed at a higher rate. Through

[18] Individual company pensions are only permissible when awarded in rare cases. This restriction is put in place to avoid an obvious "work-around" in order not to have to establish group company pensions. Even if the employer is free regarding categories of staff to include in group company pensions, unlawful distinctions cannot be made.

[19] The 2003 Act put the sectoral pension arrangements under the same legislative framework as the other second pillar arrangements, and entrusted the Banking, Finance and Insurance Commission (later reformed to the Financial Services and Markets Authority) to issue biennial reports. In its 2011 report, the Commission observes that the majority of beneficiaries (81%) of these types of second pillar pensions are blue-collar workers, and mostly males (83%). The Commission also reports that sectoral pensions are common in some sectors, but almost completely absent in others. In those sectors of the economy where sectoral pensions are agreed upon, the vast majority of workers participate. For a detailed analysis (based on figures spanning the years 2008-2009), see Financial Services and Markets Authority, "Tweejaarlijks verslag betreffende de sectorale pensioenstelsels" (*Biennial Report concerning Supplementary Pensions*), June 2011. Note that this report deals with sectoral pensions only, and not with group company pensions or individual company pensions.

[20] The Provident Fund for Doctors, Dentists and Pharmacists (Dutch: Voorzorgskas voor Geneesheren, Tandartsen en Apothekers - VKG), the Provident Fund for Pharmacists (Dutch: Voorzorgskas voor Apothekers - VKA), the Supplementary Pension Fund for Notaries (Dutch: aanvullend pensioenfonds voor het Notariaat) and the Provident Fund for Lawyers and Process Servers (Dutch: Voorzorgskas voor Advocaten en Gerechtsdeurwaarders).

[21] Financial Services and Markets Authority, "Tweejaarlijks verslag over het vrij aanvullend pensioen voor zelfstandigen" (*Biennial Report on the Free Supplementary Pension for Self-Employed*), June 2011.

these measures, second and third pillar pensions are made less attractive, but do not seem to be severely discouraged.

Within this three-pillar framework, policy evolution and reform in Belgium has been characterised by an incremental approach, rather than by big changes. The emphasis is on evolution, not revolution, and on budget measures rather than on a re-thinking of the fundamental underlying principles of the system. In recent years, the system has further evolved mainly through the continuation of changes set in motion through earlier measures. Four important initiatives (prior to 2011) deserve explanation.

The first important text is the 1996 Act on the sustainability of pensions[22], which introduced

a) the equalisation of the pension age of men and women (by gradually raising the pension age for women from 60 to 65, by 2009),

b) the introduction of changes in the calculation of pension amounts which benefit women in particular, and

c) an increase in the replacement rate by linking the capped wage that is considered for the pension calculation to the evolution of wages, and through a re-evaluation of the minimum pension and the residual social assistance scheme (guaranteed income for the elderly).

Secondly, the 2001 Act on the institution of the "Silver Fund" (*Zilverfonds*)[23] is to be mentioned. This Fund was created to build financial reserves that can be used to finance the extra obligations of the legal pension system when the "baby boom generation" will reach the legal pension age (between 2010 and 2030), and was meant to be financed by surpluses on the State budget, investments, non-fiscal income and – primarily – savings made through reducing the public debt. This strategy has however clearly failed[24].

By the same Act, a "Study Committee on Ageing" (*Studiecommissie vergrijzing*) was created and commissioned to deliver yearly reports on the long-term budgetary impact of ageing where it concerns social security and social assistance (not limited to pensions). These yearly findings are important, as they form the basis on which the High Council of Finance[25] (an entity within the Federal Public Service Finance) formulates its own recommendations. The two reports together then form the basis for an appendix to the budget (the "Silver Note" or *Zilvernota*), in which the Government outlines the policy concerning the challenges encountered. The activities of the Study Committee on Ageing are thus institutionalised.

Thirdly, the 2003 Act on Supplementary Pensions, which regulates the second pillar pension system (see above).

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[22] Wet van 26 juli 1996 tot modernisering van de sociale zekerheid en tot vrijwaring van de leefbaarheid van de wettelijke pensioenstelsels, *Belgisch Staatsblad*, 1 August 1996.

[23] Wet van 5 September 2001 tot waarborging van een voortdurende vermindering van de overheidsschuld en tot oprichting van een Zilverfonds, *Belgisch Staatsblad*, 14 September 2001.

[24] The Silver Fund, long proclaimed to be an instrument to safeguard sustainability, is today often characterised as "an empty box". Meant to be funded by surpluses on the running state budget, the only income for the Silver Fund today (and since 2007) is from interest gained through investments in national government bonds. In other words, not only has the government not realised the budget surpluses needed to invest in the Fund, but the money that was put in has been used to borrow to itself. See also: ZILVERFONDS, "Jaarverslag over de werking van het Zilverfonds in 2010" (*Year Report concerning the functioning of the Silver Fund in 2010*), May 2011.

[25] See http://docufin.fgov.be/intersalgen/hrfcsf/onzedienst/Onzedienst.htm.

Lastly, the 2005 Generation Pact[26] contains measures to activate older workers (stricter rules for the system of "bridging pensions" and the emergence of a "pension bonus"), and changes to the level of the benefits according to the evolution of wages (the so-called "prosperity bonus" or *welvaartsbonus*). Concerning early retirement (from the age of 60 onwards), the Generation Pact of 2005 raised the minimum work span requirement from 30 years to 35 years. It should be noted that the income one can receive on top of an early retirement pension is much more restricted than it is for those who wish to work after the legal pension age. While the Generation Pact foresaw a thorough assessment of its measures in the first quarter of 2012, disagreement on the data that is to be used have postponed this evaluation to the end of the year.

Until December 2011, Belgian pension policy did not move outside the framework of these four policy initiatives and their implementation. With the entry of the new government Di Rupo I, swift action was undertaken to adapt the pension system to the budgetary reality. The actual changes to the system are commented on above.

In all, the 2011 reforms are neither systemic nor revolutionary. They do however seem to represent a shift towards concrete action, even if this action is apparently inspired by budgetary concerns and not by thought-through policy, building on consensus. The 2011 adaptations also seem to form the prelude to other, more fundamental, changes. The desire to approximate the different pension systems for example, has already been announced.

2.2.2 Debates and political discourse

For most of 2011, pensions were hardly an issue on the political agenda. The "National Conference on Pensions", launched in 2008 and meant to reach consensus on fundamental reform, had become irrelevant and pensions, like other socio-economic issues, took a backseat to questions concerning state reform. Even if the many problems of the Belgian system were well-known and continued to be documented[27], solutions seemed not in the making.

Things changed in July 2011 when a discussion note including socio-economic proposals was tabled and used for further negotiations. Confirmation of the government's intentions then came on 1 December 2011, with the publication of the government agreement and the swearing in of the new government a week later. The new government gave observers barely time to study the political agreement and took many by surprise when the Minister of Pensions brought 60 legislative proposals before Parliament on 15 December 2011, with the intention of having them approved before the end of the year[28].

Summarised, the requirements for early retirement are tightened and periods of work are favoured in the calculation of the benefit over periods of non-activity. Special systems are curbed, and a choice is made to direct efforts towards the first pillar system, possibly complemented by a generalised second pillar arrangement.

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[26] Wet van 23 December 2005 betreffende het generatiepact, Belgisch Staatsblad, 30 December 2005. For a detailed overview of all the measures contained in this law, see http://www.sd.be/site/NR/rdonlyres/DCCB3D2D-0991-4F8B-BDD1-6E2A854C6F32/0/GPwetoverzichtsartikel_NL_060131.pdf.

[27] We refer to the previous Annual National Reports and to the 2010 Year Report of the Study Committee on ageing, which offers the most recent assessment of the costs and consequences of an ageing population (be it on the basis of economic data that has since been discarded as outdated). STUDY COMMITTEE ON AGEING, "Jaarlijks Verslag 2011", (*year report 2011*), June 2011.

[28] The proposals were tabled as amendments to a rather technical and complicated piece of legislation that was submitted only two days earlier and was due to be approved a week later. Due to this course of action, the proposals passed without a real chance of a parliamentary debate, and were subsequently approved on 22 December 2011, in time for some provisions to enter into force on the first of January 2012.

These reform plans are both daring and unsurprising.

Unsurprising, because the emphasis remains on keeping people in employment longer mostly by limiting the pathways to an early exit. The legal retirement age remains unchanged, and the plans and actions do not form a new comprehensive policy that could be characterised by a systemic reform. Rather, the measures do not speak of fundamental choices and take the shape of emergency interventions and move along the lines of what could be expected of an operation motivated by budgetary considerations.

The plans are at the same time daring, as they contain many elements that upset the applecart by questioning constructions and ideas that have been long considered to be acquired rights.

Exactly there lies the core of the current pension debate in Belgium. The reform plans and ambitions contain linear parametric interventions, but also try to curb the many special systems and privileged provisions present in the pension system. As especially advantageous arrangements for some become highly visible, popular support for the trade unions that defend such packages seems to erode. While protests are held and industrial action is undertaken, it is difficult to rally in protestation when it is depicted as action to defend someone who is benefiting better and more than they should at the expense of others.
Highly iconic in this respect is the deconstruction of the system of "bridging pensions". The Belgian "bridging pension" (*brugpensioen; prépension*) is not a pension as such, but an unemployment benefit granted to older workers who lose their job and are some years away from the official retirement age. The unemployment benefit is supplemented by an additional benefit paid by the employer, and the worker is no longer expected to take up a new position. The system is meant to "bridge the gap" between the last employment and retirement and is popular as it softens the social consequences of important lay-offs. Attempts made over the years to limit the use of the system have proved inconsequential[29], creating tension between the goal to keep people at work longer and the desire to maintain this exception especially in constituencies where big lay-offs and company closures are expected. To trade unions, the system of "bridging pensions" is a necessary mechanism to aid workers in tough professions, for whom long careers are not or less feasible.

With the implementation of the government plans, the system is renamed to better reflect its true nature and will now be called "unemployment with employer supplement" (*werkloosheid met bedrijfstoeslag; chômage avec complément d'entreprise*). The conditions under which the system can be accessed are rendered stricter[30] and – perhaps more importantly – the way in which periods under the system are taken into account for the calculation of pensions is made much less advantageous. Moreover, the contribution that is to be paid by the employers is doubled.

In essence, the changes aim to make employers less keen on using the system and to make it more attractive for laid off workers to seek new employment than to enter *de facto* retirement.

Despite the protestations of the trade unions, no more than transitional changes to the reform plans were made. In a way, this feeds the impression that the failure of the social partners to

[29] Quite recently, in April 2010, the system had become more expensive for employers. Before the change, employers were required to pay a fixed-sum contribution on the additional benefit paid to the employee, with no regard to the amount of this benefit. This fixed-sum contribution is now replaced by a percentage which varies according to the age of the employee for which the system is implemented – the younger the employee, the higher the percentage. The goal of this measure was to discourage the use of the "bridging pension" system. However, the benefit for the employee and the conditions under which the system can be used remained untouched.

[30] For details, see http://rva.be/frames/Frameset.aspx?Path=D_opdracht_BP/Regl/Reglementering/&Language=NL&Items=1/1/2

reach solutions themselves, through the Generation Pact and the Inter-Professional Agreements, has weakened the social deliberation model. Perhaps out of fear to be depicted by the parliamentary opposition as "too socialist" and to risk yet another prolonged period of political instability, the government seems to stand strong. Even if concessions have been made, social protests, notably weakened by a limited societal support and increasingly publicly questioned, do not seem to be able to alter that.

As the painstakingly negotiated government agreement does not contain measures that go much further than the current action, and barring financial disaster dictating dramatic emergency action, Belgian society has time to approach these questions until the 2014 elections.

2.2.3 Impact of EU social policies on the national level

The impact of European policy on the Belgian pension debate has been important in two areas – the reaction to the suggestion to alter the retirement age, and the plans to exercise stricter budgetary control on the finances of Member States.

When it comes to the first issue, the opinions of employer and employee organisations differ along predictable lines. The positioning of the two social partners carry clarifications as to their respective wish-lists where it comes to internal (national) reforms, and are to a large extent also reflected in the standpoints of political parties, which provides us with a glimpse of the debate as it would be held on that level[31].

The basic premise of the trade unions is that the legal pension system (first pillar system) is the best system to ensure sustainability, adequacy and equity and should be extended. Across-the-board measures such as an increase of the legal pension age or coupling pension rights to life expectancy are undesirable, and more emphasis is put on taking into account the content of individual careers and on automated mechanisms to adopt the benefits themselves to life expectancy, rises in consumer prices and increases in overall wages.

The employer organisations on the other hand perceive the legal system as too costly to widen, presently already adequate enough, and unjust due to a too high level of solidarity. Much more emphasis is put on capital-funded second pillar pension arrangements, which should be made obligatory.

Both the trade unions and the employer organisations remark that the European Union has no business interfering in the national pension system of a Member State, and should limit itself to setting social standards and targets within the boundaries of the principle of subsidiarity. This argument carries more weight for the trade unions, as they emphasise the role of first pillar pension provisions and as they criticise the increased role of economists and the decreased role of social scientists.

These observations need to be placed against the backgrounds of increasing anxiety that either the international markets or "Europe" would force Belgium to push through harsh reforms, foreign to the traditions and values of society. While recent EU policy to keep closer checks on the budgets of the Member States causes discomfort and has certainly propelled negotiations, the suggestion to raise the pension age to 67 was quickly discarded as being irrelevant for the Belgian situation, at least until the real retirement in Belgium has been raised.

Overall, there is a clear political and societal break line between those who deem the European recommendations to be gospel and a set of measures that would in any case be necessary (Europe or no Europe) and those who rather see these recommendations as interesting opinions,

[31] A summary of the viewpoints can be found in the presentation notes accompanying a lecture held at the KU Leuven on 15 March 2011 (see http://www.law.kuleuven.be/leergangpensioenrecht/presentaties.pdf).

merely to be used as inspiration[32]. The main bone of contention in the government concerns the recommendation to reform the system of wage indexation. Some want to hear nothing about it, others periodically voice the conviction that the system will one day have to be made more rational and less expensive. With both perspectives represented in government, this discussion is expected to linger and to erupt every time there are harsh measures to enact. At the same time, the current apparent incapability of the social partners to bring forth compromise does not help.

2.2.4 Impact assessment

For years now, the pension system has been analysed in terms of adequacy and sustainability. Periodic and recurring studies describe how much the system costs today and may cost tomorrow, and how good or badly it provides for its clients. The possible solutions to the problems are equally clear, and together constitute a limited number of options between which a choice must be made. Discussions today do not focus on radical out-of-the-box solutions, but rather on finding the right mix of parametric changes which together constitute an overhaul of the system.

The impact assessments referred to in previous Annual Reports remain important in providing the necessary background to this discussion. The 2010 Pension Atlas [33] (*Pensioenatlas*) still offers the most accurate state of affairs of first and second pillar pensions and how benefits are distributed over the population. Together with the 2010 report by the Federal Planning Bureau on the first-pillar pensions[34] and the study on pension yields by PACOLET and STRENGS[35], it offers compelling reading – especially in light of the government decision not to take refuge in fragmented second or third pillar systems but instead to strengthen solidarity by reinforcing the first pillar and by possibly generalising second pillar pensions[36].

Also in 2011, the Study Committee on Ageing issued its Annual Report[37], which contains two very interesting observations.

A first observation is connected to the projection of the budgetary cost of ageing, calculated every year on the basis of the evolution of social security expenses and demography. The forecasts in terms of percentage of GDP are in itself less relevant, as they fluctuate year by year in part because of the fluctuation in GDP itself. More engaging is the calculation of the influence of two scenarios.

The first hypothesis looks at what would happen if the global employment rate could be brought to 70.4% (62% for those over the age of 55), leading to an effective pension age of 61.3 years. In that development, the cost of ageing would decrease by 1.3 percentage points between 2010 and 2060, from 5.6% of GDP to 4.3% of GDP. This calculation is purely hypothetical and does not specify which measures could bring about such a change.

A second rundown of events presumes that the career requirement for early retirement and for entering the system of "bridging pensions" is brought to 40 years by 2016 – which is more or

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32 This refers to the Council Recommendations of 12 July 2011 (Official Journal 15 July 2011, C 209/1-4).

33 BERGHMAN, J., DEBELS, A., VANDENPLAS, H., VERLEDEN, F., MUTSAERTS, A., PEETERS, H. and VERPOORTEN, R. (2010), De Belgische pensioenatlas 2010, FOD Sociale Zekerheid, Brussels, 2010. The study was commissioned by the Federal Public Service Social Security and performed by researchers from the Catholic University of Leuven.

34 DE VIL, Greet, De Belgische eerstepijlerpensioenen aan de vooravond van de vergrijzing: doorlichting van bedragen, gerechtigden en adequaatheid, Federal Planning Bureau Working Paper 4-10, March 2010.

35 PACOLET, Jozef and STRENGS, Tom, Pensioenrendement vergeleken, HIVA, Leuven, January 2010.

36 Coalition agreement, page 105.

37 STUDY COMMITTEE ON AGEING, "Jaarlijks Verslag 2010" (*annual report 2011*), June 2011, 84.

less exactly what has been enacted following the government agreement of December 2011. In such a scenario, the cost of ageing would only diminish with 0.1 percentage point, from 5.6% of GDP to 5.5% of GDP. In other words, the currently enacted measures are clearly not sufficient to bring about a significant reduction in the cost of ageing[38]., More must be done to make working longer much more attractive than it is today; stop-gap measures will in themselves not be enough.

Further, the 2011 Annual Report contains conclusions concerning the adequacy of pensions[39]. In 2010, 19.4% of those over the age of 65 had to get by with an income of less than 60% of the median; a rather high percentage compared to the EU average of 15.9%. Nevertheless, the indicators show a gradual improvement of the economic situation of pensioners. This evolution can be traced back to 2007, when the means-tested Guaranteed Income for the Elderly raised by almost 14% and a set of adaptations was decided upon that were meant to let pension benefits keep track of the evolution of wages.

However, behind this general improvement are important differences between separate categories of persons. Not every recipient of social benefits is equally well off, and even within the overall scope of pensions there are important differences between the different professional schemes. In general, first pillar pensions for civil servants are more generous than in the other schemes. Minimum pensions in the employee scheme are situated just above the relative poverty line, and minimum pensions in the system for self-employed fall between the legal and the relative poverty line. Moreover, the current setting in which second pillar pensions are not universally adopted tends to increase internal inequalities.

Adequacy indicators can be found to be lacking when comparing systems and their consequences. When compared with other EU countries, the Belgian pension system seems to leave more people in poverty. However, a close look at other indicators shows that the depth of the poverty is much less profound than the raw figures suggest. Home ownership, for example, is not counted as an income but nevertheless means that no money needs to go towards rent. In part, factors such as these are reflected in the indicators concerning severe material deprivation – standing at 2.8% for those above 65 and 2.9% for those above 75, compared to 6.4% overall. Where the at-risk-of-poverty percentages are worse, these figures by contrast are a good deal better than the EU averages. The difference between the Belgian overall percentage and that of pensioners also shows that pensioners, in general, are less at risk of severe material deprivation than other categories of the population.

The general proximity of pension benefits to poverty lines implicates that figures concerning pensioners' poverty need to be treated with caution[40]. Measures can easily, accidentally or by design, trigger important migrations below or above these lines.

Projections concerning the future adequacy of pension benefits show an increased share of second pillar pensions in the total benefit (from a 90/10 ration in 2010 to a 78/22 division in 2050). While this is thought to lead to a better overall replacement ratio (from 51.3 in 2010 to 52.7 in 2050), it also stands to increase inequalities within the group of pensioners as a whole. Second pillar pensions in Belgium are not generalised or compulsory, which means that many pensioners simply do not benefit from the scheme. As a result, second pillar pensions may be a solution for some to over-the-board inadequate or barely adequate first pillar pensions, but will

[38] The explanation for this important difference seems to be in the number of persons that are prevented to enter the system of "bridging pensions" – 12% in the second projection versus 74% in the second hypothesis.

[39] The observations of the Study Committee on Ageing are consistent with the detailed analysis made in DE VIL, Greet, FASQUELLE, Nicole, FESTJENS, Marie-Jeanne and JOYEUX, Christophe (2011), Welvaartsbinding van sociale en bijstandsuitkeringen, Federal Planning Bureau Working Paper 4-11, March 2011, Brussels.

[40] For more on this subject, see BERGHMAN et al (2010).

certainly not be so for everyone – and especially not for older pensions. In other words, maturing second-pillar pensions and the positive effect they have on overall adequacy indicators do not imply that all is well.

In its budgetary and adequacy projections, the Study Committee on Ageing expects the poverty risk amongst pensioners to decrease to 3% by 2030, in part due to the fact that more women will have gained higher benefits on the basis of longer careers.

It follows from these observations that the importance of mechanisms that allow social benefits to keep track of the evolution of consumer prices and wages cannot be underestimated.

The adaptation of benefits to consumer prices is automatic, where the adjustment to the evolution of wages differs between pension systems. For employees and self-employed, the mechanism of the "prosperity bonus" (*welvaartsbonus*) applies. This structural mechanism creates the obligation for the government to decide every second year on a budget for adapting benefits in the overall social security sector, to better match the evolution of wages. What benefits are adapted by priority is dependent on political decision-making and on agreement with the social partners.

The pension benefit of civil servants is not affected by the "prosperity bonus", but instead keeps track of wage increases granted to those still in the same service position, through a system called "*perequatie*". The mechanism ensures that the pension amount of a civil servant is revised once every other year, based on the salary he or she would have received had he or she still been in service. This automatic adaptation was introduced to compensate for salaries that were historically lower than those in the private sector and remains in place even as this wage difference disappears[41].

The mechanism of "*perequatie*" allows for pensions of civil servants to keep better track of the evolution of wages than the pension benefits in the employee or self-employed scheme, as the adaptation is linear and automatic, and thus not dependent on budget or political priority.

While the system of "*perequatie*" seems an unjust privilege, a plea for abolition of the system could easily be countered with the question if it would not be better to create a mechanism that allows all pension benefits to keep track of the wage evolution in an equal and automatic fashion. The 168th Report of the Court of Audit[42] offers interesting input in this respect. The report calculates that the effect of "*perequatie"* represented a cost of € 53.2 million in 2009 and € 79.2 million in 2011 – which amounts to 0.6998% of the total cost of civil service pensions of € 11.3 billion. The system therefore does not seem to be overly expensive and could (even if the Court of Audit does not mention this) perhaps even be used as a model for the future prosperity adaptation of all pensions[43].

2.2.5 Critical assessment of reforms, discussions and research carried out

In spite of a multitude of studies and reports routinely delivered by a host of advisory organs and institutions and not withstanding a strong tradition of social deliberation, the Belgian pension system has not experienced the systemic change such as is seen in other countries of the European Union. Nevertheless, our problems are similar, and the possible solutions are known.

[41] While the mechanism at its conception was meant to offset the fact that wages in the public sector historically were lower than in the private sector, this reasoning no longer holds true as the net hourly wage of the average civil servant today is 1.7% higher than that of his private sector colleague. See EUGÈNE, B., Public sector wages, Nationale Bank van Belgie, Economisch Tijdschrift december 2011, 21-33.

[42] Court of Audit, 168th Report of the Court of Audit, November 2011.

[43] The adaptation of benefits through the "prosperity bonus" costed € 113.3 million in 2008 and € 298.72 million in 2011. It is budgeted to € 199.1 million in 2012.

The reforms enacted at the end of 2011 follow years of policy inertia and are therefore refreshing. However, they remain parametric, do not add up to fundamental change, nor speak of a comprehensive vision on the future of the system. While what has been decided now is certainly important and in many ways represents a break with the recent past, the measures taken are not much more than an emergency response to political and financial pressure.

Assuming that the current government will not move beyond the restraints of the current coalition agreement, an encompassing revision is not on the horizon. Subsequently, this gives all stakeholders some time to come to an agreed vision on the future of the pension system. This exercise, though it has failed in the past, might have become easier now that it is clearly demonstrated how apathy can lead to changes born out of pure necessity.

Within the current context, much needs to be discussed and can be discussed. The social partners now have the opportunity to set their differences aside and work together in order to present a new Generation Pact, an agreement on a workers statute that offers a fair balance, a compromise on wage indexation and a feasible system that allows social benefits to keep track of price and wage evolution.

At the same time, societal consensus needs to be found on fundamental questions. What do we think are fair conditions to require before a pension is granted? How high should the benefit be? Where does solidarity end and personal responsibility begin? While it is certainly interesting to discuss the current changes, it is equally necessary to answer concerns on how the system operates – the equity of different systems, the adequacy of benefits and the willingness of people to contribute to the extent to which they do.

One element in unravelling the pension quandary must lie in a change of perception and legal and organisational framework where it concerns the employment of older workers. While it is clear that the real retirement age in Belgium needs to increase, the reality is that older workers currently have few opportunities on the labour market. This is an issue that cannot be solved by enacting a more accommodating legislation or by topical campaigns alone. Instead, valuing older workers requires a change of attitude with employers, employees and government alike. Again, this requires consensus and commitment which should be conceived in conjunction with reaching agreement on the pension issue itself. The current measures only make it more difficult to work less long, and thus can be seen as forming “the stick”; a good sized carrot will be needed to bring about the necessary mentality change.

In summary, moving pension reform beyond emergency measure requires a certain degree of societal consensus. In Belgium, this consensus is best sought through involvement of employer and employee organisations. The credibility of, and relations between these groups are however left damaged after years of rhetoric and apparent focus on specific interests. Now that it is demonstrated that encompassing change cannot be agreed upon in the political arena alone, government must use the next two years to repair the social deliberation model and to restore its capacity to formulate balanced policy that carries wide societal approval over the time horizon of separate governments.

The alternatives – fundamental reform according to the political flavour of the day, long-term measures prompted by budgetary concerns alone, or, much worse, continued inaction – all seem highly undesirable.

2.3 Health Care

2.3.1 The system's characteristics and reforms

Health care, as part of the social security system, is a Federal competency. After several rounds of state reform, the overall picture concerning health care in general is however more complicated. In this field, "matters concerning persons" have been transferred to the Communities, who are thus responsible for prevention and health promotion, and for organising health care in hospitals, nursing homes and other institutions, and outside these institutions (such as primary health care and home care).

Action by the Communities is placed within the framework set out at the Federal level. In summary, the Federal authorities are responsible for the regulation and financing of the compulsory health insurance, create the programmatory and normative framework for the hospitals, govern the rules for recognition of providers, organise the registration of pharmaceuticals and their price control, determine the rules for financing of infrastructure (including costly medical equipment), and arrange for the benefits under the system[44].

Cooperation between the different levels is organised through inter-ministerial conferences, where protocol agreements are formulated.

The main administrator of the system is the National Institute for Health and Disability Insurance (*RIZIV-INAMI*; hereafter: *NIHDI*). Decisions are made with the involvement of the various stakeholders in the system.

Financing is obtained through employee and employer contributions and through intervention from the state budget with alternative financing derived from VAT income. The budget for the system is fixed and evolves along a legally inscribed real growth norm. Between 2004 and 2012, this growth norm was 4.5% per year (since 2004) which is calculated on top of inflation. The most recent austerity measures have set the growth norm to 2% in 2012 and 3% in 2013 and 2014. Total health expenditure rose from 10.8% of GDP in 2007 over 11.1% in 2008 to 11.8% of GDP in 2009[45].

Adequate access to health care is ensured by the wide personal scope of the system which also includes persons dependent on insured individuals, by cost-controlling protection for certain vulnerable groups, by measures to maintain high-quality and high-quantity supply, and by measures aimed at prevention meant to combat inequality. Coverage through the statutory system is compulsory and stands at a nearly universal rate of 99.5%.

An important development in this respect was the extension of compulsory coverage for self-employed persons from January 2008 onwards. Before this change, the compulsory health insurance for self-employed persons only encompassed what was known as "major risks". Other health care services – the "minor risks"[46] – were not included in the package, but a self-employed person could purchase additional protection on the insurance market. The distinction between these categories of risk is now abolished, meaning that self-employed persons are, under the compulsory scheme, indemnified for the same risks as civil servants or employed

[44] As the different Communities develop different policies which are impossible to summarise in the scope of this report, and as the Federal level is responsible for what is understood under the social security concept of health care, we necessarily limit ourselves to the evolutions at the Federal level.

[45] Figures are obtained from the Global Health Observatory Data Repository of the World Health Organisation (http://apps.who.int/ghodata/).

[46] Minor risks included family doctor interventions, dental care, small surgical interventions (such as stitches etc.), ambulant nursery care, orthopaedic aids, many common laboratory tests, prescription medicine, etc.

persons. This of course also means that the contribution to the health care system made by self-employed persons has increased, from 19.65% to 22%.

In most cases, insured persons pay for medical services themselves and are afterwards reimbursed for the amount paid, minus a personal contribution (*remgeld*)[47]. Reimbursement is arranged through sickness funds which are fully embedded in the overall administration of the system[48]. What is reimbursed is determined on the basis of an official list containing the amount that can officially be charged for the medical service. These official scales consist of a list of treatments and prices agreed between the government services (via the mutual funds), representatives of health care workers and the social partners. In some cases, the real amount paid by the patient may however be higher than the official amount that is taken into account for reimbursement.

In a certain number of cases (for example that of hospital care), the patient is not required to advance the bill but only pays the personal contribution after which the balance is paid directly by the system to the provider (*derde-betaler systeem*). This mechanism is also used to improve access to primary care for certain vulnerable groups[49].

Additional voluntary private insurance covers health care expenditures that are not covered by the system and reimburses the personal contributions made in case of serious health problems that necessitate hospitalisation. The percentage of people covered by private insurance rose from 37.9% in 2001 to 49.8% in 2007 and at least 70% in 2010[50]. All private insurance schemes taken together, the percentage was reported to be 70% in 2010.

Patients have the right to choose and change their family doctor and have direct access to specialised medical care. Health care workers are remunerated mainly per treatment.

To discourage "medical shopping", a system called the "Global Medical File" was introduced in 2002 (*Globaal Medisch Dossier*). This mechanism collects all health information for an

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47 The out-of-pocket payment depends on the specific service according to a set nomenclatura (for medical dispensations) or list of pharmaceutical specialities, and typically amounts up to 25%. According to OECD data, the total out-of-pocket payment as part of total health expenditure per household was estimated to be 20% in 2009, compared to a total of private sector expenditures of 24.9% - meaning that out-of-pocket payments by families directly finances 20% of health care, while private insurance finances another 4.9% (OECD Health Data 2011; Statistics and Indicators: http://stats.oecd.org/; Assuralia Kerncijfers Gezondheid: http://www.assuralia.be/fileadmin/content/stats/03_Cijfers_per_tak/05_Gezondheid/06_Nationale_uitgaven_gezondheidszorg/NL/01_Uitgaven_per_financier%2001.htm).

48 From a practical and administrative point of view, the existence of these sickness funds, or "mutual funds", with a network of offices and agents, means that access to information, administration and further advice is straightforward. Mutual funds arrange payments through the system and offer further services that are widely taken up, including voluntary additional insurance. Individuals are required to register with a sickness fund of their choice.

49 Persons with a low pension, persons benefiting from social assistance and long-term unemployed can thus visit a family doctor and pay € 1 personal contribution. The doctor then receives the remainder of the fee (€ 22) directly from the sickness fund to which the patient is registered.

50 The 2001 and 2007 data is obtained from the Belgian federation of insurance companies (Assuralia) and cited in VLAYEN, Joan, VANTHOMME, Katrien, CAMBERLIN, Cécile, PIÉRART, Julien, WALCKIERS, Denise, KOHN, Laurence, VINCK, Imgard, DENIS, Alain, MEEUS, Pascal, VAN OYEN, Herman and LÉONARD, Christian, "A first step towards measuring the performance of the Belgian health care system", KCE Reports 128, 2010.
The same federation reported a 70% figure in 2010. See "Bijna 8 miljoen Belgen hebben hospitalisatieverzekering", De Morgen (newspaper), 17 March 2010; reporting that Assuralia puts the number of persons benefiting from an additional insurance at 7.8 million. 4 million of those are covered by a group insurance policy (mostly organised through employers), 2.5 million by a contract with their mutual fund, and 1.3 million by a contract with a private insurer.
The OECD puts forward a 76.4 estimate for 2009 – see OECD (2011), "Health at a glance2011: OECD indicators", OECD Publishing, page 133.

individual in one place, kept by the patient's primary health care provider. Patients however have to request this for themselves. To motivate patients to do so, a reduction in out-of-pocket payments is awarded both for primary health care and for referred specialist care. The system is said to be used by about half of all insured persons[51].

Recent reforms in the system focus on quality, (financial) accessibility and sustainability.

The personal contribution mentioned earlier is intended to deter patients' overconsumption and to avoid excessive use, but could easily become an impediment to taking up medical care and therefore prevent equal access. To avoid this, measures have been introduced to limit the total amount a patient actually has to pay.

Specific categories of insured persons receive preferential treatment and are required to pay lower patient fees (before application of the Maximum Billing System). Originally, the system of preferential treatment was restricted to persons of specific social status (pensioners, widow(er)s, persons with disabilities and orphans) for which the gross taxable income of the family did not exceed a yearly-adapted limit. In 1997 and 1998, the benefit of the preferential tariff system was extended to specific groups[52], still conditional on the income limit.

As of 2007, the system is further extended. The newly introduced OMNIO-status, which however has to be applied for, benefits a larger group of people and guarantees preferential treatment to all households below a certain income level[53]. The necessity for application however causes low take-up, with only 25% of potential beneficiaries requesting the measure in 2009[54].

Having general applicability, the "Maximum Billing System" (*maximumfactuur*), introduced in 2002, sets a maximum amount of patient fees to be paid, determined per income bracket. Once this amount is reached, health care is reimbursed fully. The maximum billing system (MBS) takes effect per family unit – not per individual. The maximum amounts one has to pay, the composition of the family taken into account, and the specific rules that are applied depend on what type of maximum billing system is used – the social MBS, the income-based MBS or the MBS based on personal entitlement[55]. Although this system is fairly complicated, it bears no difficulty for the patient as it is applied automatically with no additional paperwork involved. With respect to the extended coverage of self-employed persons, it can be noted that they now also fully benefit from the MBS. Previously, only the patient fees for "major risks" were reimbursed fully when the limits were reached.

The budgetary efforts required to get Belgian state finances back on track do not leave the health care system untouched. Compared to what would have been the budget in 2012 in a scenario of unchanged policy, a total saving of € 2.3 billion is accomplished. Even if the largest part of this savings (€ 1.6 billion) can be put on the account of withdrawing a planned budget

[51] "Helft van Belgen heeft Globaal Medisch Dossier bij huisarts", De Morgen (newspaper), 27 April 2011.

[52] Long-term unemployed, aged 50 and older with at least one year of full unemployment (according to the definition of the employment regulations), and persons entitled to one of the following allowances: Integration allowance for handicapped persons, Income replacement allowance for handicapped persons, Allowance for assistance for the elderly, Income guarantee for the elderly, Subsistence level income (*leefloon; revenu d'intégration)*, Support from the public municipal welfare centres (OCMW, CPAS).

[53] The Omnio statute also allows claiming for derived rights, such as reduced public transport fees, and a reduction in the contribution for the Flemish Care Insurance (see further). See "Het nieuwe Omnio-statuut en de hervorming van de verhoogde tegemoetkoming", RIZIV, 2008.

[54] Steunpunt tot bestrijding van armoede, bestaansonzekerheid en sociale uitsluiting, "Verslag Armoedebestrijding 2008-2009 – Deel 1", 2010.

[55] Patient fees are limited to a maximum between € 450 and € 1,800, depending on the family income. The income brackets are adapted each year, while the maximum amounts remain the same. Personal contributions that exceed the maximum amount are reimbursed automatically and in full.

increase, real savings still are to be made. Compared to the 2011 budget of € 25.87 billion, € 425 million needed to be found for 2012. Measures include a partial indexation of doctor fees, cutbacks especially in medical imagery, a price-freeze for pharmaceuticals, and the disappearance of a budget to reimburse medical implants. The remaining € 250 million is found through what can be called "diverse measures", mainly related to efficiencies in the administration of the system.

The savings implemented to reach the budgetary goals have not lead to structural changes in the health care system. Rather, they intervene at the level of the price of services, and only marginally on their volume[56]. For patients, the measures seem to have little direct or immediate impact.

2.3.2 Debates and political discourse

While hardly any content debate surrounding socio-economic issues took place in the first half of 2011, things changed in July. In the beginning of that month, a note was released which from then on formed the basis for further negotiations which in the end resulted in the government coalition agreement of 1 December 2011. The coalition agreement itself lists a multitude of measures and intentions, of which some were swiftly implemented. Some of these policies answer to ongoing debates; others open new discussions[57]. Even if it is difficult to obtain certainty about the exact range of all measures, some elements stand out.

Very prominent amongst the implemented proposals is the projected reduction in overall health care expenditure, and especially changes made to the mechanism of the **"growth norm"**.

As of 2005, the size of the budget of the compulsory health insurance is determined by a set mechanism: the yearly budget cannot surpass the budget of the previous year, complemented by a fixed percentage (the "growth norm"), the expected inflation, and (if applicable) extra-ordinary expenses. This mechanism was intended to limit the growth of the health care budget, but has instead lead to an automatic and important increase of the health care budget, from € 18 billion in 2006 to nearly € 26 billion in 2011. Moreover, this growth path has lead to surpluses in the system, demonstrating that the original goal of cost control has not been reached[58].

During the negotiations preceding the government formation, it was suggested to lower the growth norm to 2% (instead of 4.5%) and to determine the amount on the basis of actual spending (instead of on the budget of the previous year). The final compromise apparent in the coalition agreement does not go quite that far. While the percentage is indeed lowered to 2%, this will only apply in 2013, only to rise again to 3% in 2014. Moreover, the growth norm will be applied to the budgeted expenditures and not to actual costs, and the baseline budget for 2012 is set at € 25.63 billion.

All said and done, this means that the budget for health care will still be allowed to rise to an important extent in the years to come, without taking into account the real growth in expenses.

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[56] For an overview of the economics accomplished, see the account given before parliament and the document supporting the budget discussions at http://www.dekamer.be/FLWB/PDF/53/1944/53K1944032.pdf (DOC 53 1944/032). Some parts of the political agreement are implemented in the yearly agreement between sickness funds and medical providers (the so-called "Medicomut"), accessible at http://riziv.fgov.be/news/nl/press/pdf/press2011122301.pdf.
In instances where overconsumption is apparent (e.g. medical imagery), the focus on price instead of volume is criticised. See for example VAN HOE, Lieven, „Besparen in gezondheidszorg: bij voorkeur op de juiste manier", De Standaard, 8 December 2011.

[57] Ontwerpverklaring over het algemeen beleid, 1 December 2011, 106-113.

[58] Surpluses in the system were channelled to a "future fund" in 2008, 2009 and 2010, and were returned to the social security system in 2011. In 2011, the surplus amounted to € 1.1 billion – money that was budgeted for the health care system, but eventually ended up financing other branches of social security.

However, what is on the table now also represents an important savings when compared to what would have been the budget if no measures had been taken[59].

Reducing the growth norm percentage to a more reasonable size is an easy and straightforward measure, but might not be sufficient to curb expenditures in the long run. A 2011 report by the Court of Audit reveals that the problem is not so much the growth norm, but the opaque and diverse way in which indexation (adaptation to inflation) is applied throughout the sector[60]. Even though the categories of expenditure are adapted to inflation according to different rules and mechanisms, the money needed for indexation is budgeted following another formula. As a result, the budget more than covers the sum of the actual funds needed. In other words, the budget obtained for indexation is never fully used, creating a structural and hidden surplus that amounted to € 300 million in 2011.

Also part of the government proposals is to extend upon mechanisms that limit the resources spent on **pharmaceuticals**, building on measures enacted in previous years.

In 2001, Belgium introduced the "Reference Price System" (RPS), meant to lower the price of brand name medication and to encourage the use of generic products with the same active ingredient. When the exclusive rights of a producer for a certain medication have expired, alternative "generic" drugs emerge. In this case, the RPS establishes a common reimbursement level for the now existing group of comparable or interchangeable drugs, considering the cheaper alternatives. The health insurance system then only reimburses the cost of the medication to the newly set level, which is typically some 30% lower than that of the original medication cost. A patient who then buys the cheaper alternative only is required to pay the normal out-of-pocket payments, while a patient opting for the more expensive brands will have to also pay the price difference (called the "reference supplement") [61]. In April 2010, some adaptations were made to the "Reference Price System". The reimbursement of original pharmaceutical products that have been in the system for a longer period of time was further reduced and a legal upper limit on the reference supplement was introduced, effectively excluding reimbursement of drugs which have a reference supplement of more than 25% of the reimbursement basis. For 2012, the reimbursement percentage will be further reduced, meaning that patients will have to pay more if they hang on to branded pharmaceuticals for which there is a cheaper generic alternative.

In 2005, the possibility to prescribe medication by active ingredient (*Voorschrift Op* Stofnaam) was introduced, legally allowing doctors to leave the choice of the precise product to the pharmacist and the patient. Before this, doctors needed to prescribe named medication and pharmacists were allowed to only deliver exactly what was prescribed. While doctors became

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[59] The 2011 baseline budget amounted to 25.87 billion euro. If no measures would have been taken, the 2012 budget would have added 4.5% (growth norm) and some 3% indexation to that amount.
All figures derived from the budget as published on the website of the National Institute for Health and Disability Insurance - http://riziv.fgov.be/information/nl/accounting/budgets/index2.htm

[60] Rekenhof, "Begroten en beheersen van de uitgaven voor geneeskundige verzorging – opvolgingsaudit" (*Report to the Federal Parliament: Estimate and monitoring of health care expenditure.*), 29 June 2011.

[61] A 2010 study by the Federal Health Care Knowledge Centre shows that this system has prompted producers to lower prices and that fears that certain segments of the population would not buy the cheaper medication because they would be less well informed, is unfounded. Nevertheless, in 2008 reference supplements were paid to the amount of € 60 million, which means that the expensive brands are still popular. To lower this figure, the Knowledge Centre proposed to increase the percentage of generic medication prescribed, to allow pharmacies to substitute prescribed expensive medication for cheaper alternatives on their own initiative, and to ameliorate information provision by showing patients the price difference at the time of purchase.
VRIJENS, France, VAN DE VOORDE, Carine, FARFAN-PORTET, Maria-Isabel, LE POLAIN, Maïte and LOHEST, Olivier, "Het referentieprijssysteem en socio-economische verschillen bij het gebruik van goedkopere geneesmiddelen", KCE Reports 126A, April 2010.

required to prescribe generic medication to a set minimum percentage of their total volume of prescriptions, the prescription by active ingredient has always been voluntary. As part of the budget measures however, the prescription of antibiotics, antimycotics and pyrosis medication will from now on always be considered as a prescription by active ingredient for which the chemist is obliged to offer the cheaper alternative. This measure, said to enter into force on 1 April 2012, thus effectively introduces a forced substitution, irrespective of what the doctor has actually prescribed.

Also as of 2010, as part of the policy favouring generic medication, changes in the remuneration mechanisms for pharmacists means that they receive a fee based on the number of reimbursed products sold, rather than on their price. This scheme remains unchanged[62].

Other measures include a freeze on the price of pharmaceuticals and the introduction of a mechanism by which the price of medication is compared with what is paid in the neighbouring countries, automatically lowering the price to that level.

Especially the move to make prescription on active ingredient compulsory for some types of medication is contested, not only because it is argued that it may interfere with the freedom of doctors to determine the best treatment, but also because it contradicts an earlier agreement made with the stakeholders in the health care sector who had initially been given some time to reduce the volume of these medications by other means. Even though the stakeholders had indeed reached agreement to do just that, this plan was ignored by the minister. This course of action raises concerns that this particular move is the prelude to the introduction of a general obligation.

Not yet implemented are the plans to re-arrange the **division of competencies** between the different State entities (the Federal level, the Regions and the Communities). While the powers concerning health care given to the Communities in 1980 were limited out of concern to not allow Community policies to affect the basic rules and financing of the system, this setup has long produced undesirable consequences. As a result of the current division of responsibility, there is no direct link between efforts concerning prevention and efficient organisation, and financing. When prevention campaigns by a Community government for example result in a reduction of costly curative care, the financial benefits of this policy fall to the Federal level. Vice versa, inefficiency at the Community level is not translated into fewer resources. This does not offer incentives for cost-effective practices, and in many ways hampers the development of comprehensive policies. The effects of structural incoherencies are felt in many fields, such as the provision of long-term care, the development of an efficient gatekeeper system, or even the implementation of a "National Cancer Plan" where the current division of powers hampered an integrated approach and halted the timely implementation of some of the measures planned.

The discussion concerning the planned transfer of powers can be expected to take place on two levels. First, on the precise extent and timing. Second, on the budgets and costs connected to these powers. As has happened in other matters, it is conceivable that the Federal government will scrap funding in matters that touch Regional competencies, leaving the Regional governments to decide whether or not to pick up the unbudgeted bill.

2.3.3 Impact of EU social policies on the national level

The impact of EU policies on health care seems not very explicit. The goal to provide universal access to quality care is a constant concern for Belgian health care policy. Just about every

[62] For details, see http://www.inami.be/drug/nl/pharmacists/modification-20100401/index.htm.

Belgian is insured under the system, and both the extension of coverage for self-employed and the gradual widening of the OMNIO system have worked towards improving access. Quality of care and patient safety receive ample attention and are increasingly monitored through the establishment of information systems and feed-back mechanisms.

The National Reform Programme remained silent on the issue of health care, with most of the effort dedicated to budgetary strategy and employment policies. Linkage between health and ageing is mainly made through the efforts to guarantee the system's sustainability.

2.3.4 Impact assessment

Worries regarding a possible shortage of health care providers remain. One part of this debate concerns the availability of family doctors, which is problematic. The issue is only in part that there is a limited number of doctors available[63], but rather that they are unevenly distributed amongst municipalities. Thus, 206 out of 589 municipalities reported a shortage of family doctors in 2010, 65% more than in 2008. Moreover, the problem seems to be more pronounced in the French-speaking part of the country[64].

Two recent reports by the Health Care Knowledge Centre (KCE) highlight different aspects of this issue.

In one report, the focus is on the issue of "burn-out", seemingly experienced by a significant number of family doctors[65]. To prevent and remedy, the study lists several possible actions that can amount to an encompassing solution. While the KCE recommends a global approach that includes health promotion, prevention, treatment and follow-up, specific ideas are listed and elaborated upon. Among these, we find the recommendation for every primary care physician to have their own family doctor, who would in turn receive specific training. Further, the development of organisational structures such as group practices is important, as they allow family doctors to take breaks and to better spread workloads.

Another report analyses alternative models to answer efficiently to the patient's demands during after-hours periods in primary care[66]. Currently, general practitioners fulfil their legal obligation to ensure continuity of care by organising rotation "permanence" services in geographically specified groups. This system has however many disadvantages, both for the family doctors themselves, for the health care system[67], and for the patients who have trouble determining what health service to consult. The report looks at different alternatives and lists advantages and disadvantages. One of the possible elements to a better solution is the increased

[63] The limited number of doctors is the result of an active policy meant to prevent an oversupply. In essence, a quota system allows only a limited number of trained doctors to access medical practice. This is achieved by limiting the number of recognitions through the health care administration. Now however it seems that the number of doctors who effectively practice medicine is overestimated and that the profession of specialist is more attractive than that of family doctor, with over a quarter of the family doctor positions not taken up.

[64] "Steeds meer gemeenten kampen met tekort aan huisartsen", Het Nieuwsblad (newspaper), 26 August 2010.

[65] JONCKHEER, P, STORDEUR, S, LEBEER, G, ROLAND, M, DE SCHAMPHELEIRE, J, DE TROYER, M, KACENELENBOGEN, N, OFFERMANS, AM, PIERART, J, KOHN, L., "Burnout bij huisartsen: preventie en aanpak." (*Burnout among general practitioners: prevention and management*), Belgian Health Care Knowledge Centre, Report 165, October 2011.

[66] JONCKHEER, P, BORGEMANS, L, DUBOIS, C, VERHOEVEN, E, RINCHARD, E, BAUDEWYNS, A, HAEZAERT, T, VINCK, I, LONA, M, PAULUS, D, "Welke oplossingen voor de wachtdiensten van huisartsen?" (*Afters-Hours Primary Care: which solutions?*), Belgian Health Care Knowledge Centre, Report 171, December 2011.

[67] Patients consulting a family doctor are expected to pay the fees of the visit immediately. When visiting a hospital, however, the "third payer system" is applied, which means that the bill is received only later. Therefore, the current payment system induces a preference for emergency care, which is more expensive to the health care system.

use of a unique call number with triage system. While the coalition agreement cites this solution as agreed policy, the doctors themselves seem less enthusiast over concerns about safety and feasibility[68].

Mechanisms to ensure an adequate supply of health care professionals in general are described in detail in the "Belgium: Health System Review"[69]. They include extra compensation for nurses working long hours and incentives for general practitioners to take up practice in under-serviced areas, amongst others. Notable in this respect is the ambition, expressed during political negotiations and now included in the government agreement, to raise the effectiveness of some of these measures by transferring them to the Community level, so that efforts can be better fitted to local needs.

The question whether migration could be the answer to possible shortages of health care professionals is discussed in a report by the University of Leuven[70]. The study starts by the observation that current and projected scarcity of health care staff seems to be due not to a lack in the quantity of health care workers, but rather to the fact that many work part-time and that some tasks and positions are unappealing and undervalued. As such, it is not surprising that policy so far has focused on increasing the job appeal for health care workers and on actively recruiting domestically. Recruitment from abroad is still very limited in Belgium, with only a few dozen nurses per year attracted from countries such as Poland, Romania, Lebanon and The Philippines. In conclusion, migration is not seen as the answer to possible shortages, and active recruitment abroad is in any case not part of government policy.

A yearly publication by the Christian sickness insurance fund (*Christelijke Mutualiteit*) analyses the hospital bills of its members in order to formulate conclusions on the evolution of health care costs and to formulate policy advice[71]. The Fund also uses this information to allow its members to compare the price policy of the different hospitals. In its seventh "hospital barometer" based on data of 2010, the Fund concludes that the price for the patient of care in a shared room has gone down, mainly due to the ban on room supplements which was imposed on 1 January 2010. The cost for the patient of care in a single room is now four to five times higher than that for care in a shared room.

2.3.5 Critical assessment of reforms, discussions and research carried out

Health care in Belgium is accessible and of good quality, which translates in good scores concerning population health and life expectancy[72]. Patients are free to choose their provider, and the system does not limit the amount of provisions made available. Overall, the main

[68] Coalition agreement, 112 versus "Telefonische consultatie geen goede piste" (Consultation over the phone not a good idea), De Morgen (newspaper), 30 December 2011.

[69] GERKENS, S. and MERKUR, S., "Belgium: Health system review", Health Systems in Transition, European Observatory on Health Systems and Policies, 2010, 12(5).

[70] WETS, J. and DE BRUYN, T., "Migratie: de oplossing voor het personeelstekort in de zorg-en gezondheidssector?". HIVA, December 2011.

[71] The conclusions are summarised in a 31-page press file, accessible via http://www.cm.be/nl/100/infoenactualiteit/persberichten/2011/persbericht-ziekenhuisbarometer-2011.jsp. The main deliverable of the "hospital barometer" is a website where the prices of typical services in different hospitals can be compared.

[72] In 2009, life expectancy at birth for the whole population in Belgium stood at 80 years, half a year above the OECD average. When asked "how is your health in general", 77% of Belgians reported to be in good health, compared to the OECD average of 69%. For a quick overview comparing all OECD countries, see http://oecdbetterlifeindex.org/topics/health/.

problems of the health care sector are not related to access or quality, but to the efficiency and sustainability of the system – two aspects that are closely connected. The measures taken by the new government, part of a budget-balancing exercise, do not tackle these problems and seem to even exacerbate them in some instances. Where the different policies listed in the government's coalition agreement are deserving, the immediate cost-cuts seem to contradict some of the intentions. At the very least, the impression is created that budget interventions do not support policy design, but rather represent a set of across-the-board, linear savings.

For example, extending the role of the family doctor as gatekeeper of the system and encouraging physicians to set up practice as a general practitioner are goals that are cited in the government agreement. One explicitly mentioned tool for this is the generalisation of the "Global Medical File". However, a € 40 million budget which would facilitate this was ultimately forsaken, providing only one example of a worthwhile and necessary investment in the system being sacrificed for short-term budgetary gain.

Another example is found in the linear reduction of the price for pharmaceuticals, ignoring that the same medicine can yield important benefits for some patients, even if they are superfluous to others[73]. Likewise, the budgetary cuts prompt measures through which the fees for some doctors are not or to a lesser extent adapted to inflation. The precise adaptation differs with the medical discipline. Which type of doctor gets what is decided purely on the basis of economic logic, and in practice seem to widen the gaps that already exists between different disciplines. Paediatricians and psychiatrists, for example, receive far lower fees than other physicians. Differentiating the percentages of fee indexation could have been used to even out these disparities, without putting the overall cost savings at risk.

Smarter budgeting could help to avoid such missed opportunities. Budgetary savings, necessary as they are, could have been designed in a more targeted way so that they would facilitate long-awaited changes in the system.

One problematic aspect of health care organisation, the fragmented division of responsibilities between different government entities, seems to move towards a happier resolution. If the government plans materialise, efforts concerning prevention and efficient organisation will translate into a different allocation of resources, and competencies will be grouped in ways so as to allow more effective health care paths. Even if the intentions can be read in the government agreement, in the present state of affairs the details of changes are not yet known.

While changes in the division of powers are to be applauded if they contribute to a more efficient and effective health care system, there is danger in a situation where costs must be cut swiftly while a re-shuffle of competencies is at the horizon. Indeed, it is tempting for the federal government to find means by scrapping expenses while reasoning that other levels of government will anyhow become responsible for the affected areas in the near future. This course of action has lead to chaos in other fields, such as in the promotion of energy efficient construction. If the same were to happen in health care because of an ill-considered sequence of decisions, consequences as to access and quality could be felt.

To avoid such calamity, the federal government must deliberate with the other State entities – not only on the scope and timing of a transfer of powers, but also on an orderly transition, not inspired by emergency budget measures.

As for the "growth norm", which seems to be put on hold in 2012 but will still play an important role in the years to come, the question must be asked if the mechanism is affordable

[73] Medicines that lower cholesterol levels, for example, maybe too expensive to provide for persons who do not have a medical problem, but at the same time can prevent the need for more expensive care for heart patients. The current policy concerning pharmaceuticals does not take into account this difference in use.

and necessary. In light of further action to sanitise state finances, the plans included in the current government agreement will in all probability prove too expensive. The core question, which is if the system currently really needs a budget that grows and is adapted to inflation at the same time, will still need to be answered. This discussion cannot be limited to the statement that ageing will cause the system to become more expensive. Other, more important, drivers for higher expenditure deserve much more scrutiny[74].

Summarised, long-awaited changes and investments in the organisation of the health care system can increase efficiency and effectiveness without breaking the bank. The adaptations needed are well-known and sufficiently documented, and it appears that government negotiations had brought compromise on many issues. By all expectations, further budget downsising will be needed in the next few years. Economies can and should be found in following through smart investments in the system, rather than in blind and linear cuts.

2.4 Long-term Care

2.4.1 The system's characteristics and reforms

Long-term care is part of an integrated system of health care, complemented by social service provision. As long-term care in Belgium is viewed as a health risk and institutional arrangements reflect a "medical model" of care delivery (as opposed to a "welfare model"), the same observations as under title 2.3 apply[75]. Not unique to Belgium, long-term care is approached as a mix of different services and measures, funded through different sources and organised at different levels.

The organisational landscape of long-term care provisions is fragmented because of a division of competencies between the Federal Government (which provides mainly for medical care through the health care system) and the Communities[76] (which provide primarily for non-medical care). Cities and municipalities further intervene in financing the construction of residential structures. Medical care represents the bulk of long-term care provisions.

There is no specific federal legislation concerning long-term care – rules concerning the services provided are the same as under the general health care system. On the Community level, separate decrees regulate a wide range of aspects concerning the provision of long-term care services such as the recognition of providers, integration of services and quality monitoring.

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[74] In 2006, the OECD calculated that only 10 to 15% of health care expenditure growth is driven by population ageing. Some 20 to 25% is inspired by advancing technology, while 50 to 60% is simply related to an increased income, meaning that the higher the national income, the higher the desire to invest in health care. OECD (2006), "Projecting OECD health and long-term care expenditures: What are the main drivers?", Economics Department Working Paper no. 477.

[75] Detailed information on the long-term care system and provisions can be found in WILLEMÈ, Peter, The Belgian long-term care system, March 2010, Federal Planning Bureau Working paper 7-10.
For another view on long-term care in Belgium, see OECD, "Belgium. Long-term care", country notes and highlights, May 2011.

[76] While it is often stated that long-term care is a "regional" matter, the actual division of powers is rather more complicated. The Flemish, French and German-speaking Communities are responsible for "person-related matters", including some that affect health care and long-term care. The Flemish and German-speaking Communities assume these responsibilities themselves, while the French-speaking Community has devolved its competence to the Walloon Region. In Brussels, matters are arranged by three community commissions - the French Community Commission (Commission Communautaire française, COCOF), the Joint Community Commission (Commission Communautaire Commune, COCOM) and the Flemish Community Commission (Vlaamse Gemeenschapscommissie, VGC).

Policy is aimed at supporting dependent older persons in their home environment for as long as possible. Should limitations in activities of daily living become too severe and adequate informal or professional support at home is unavailable or insufficient, the dependent person should have access to suitable and affordable residential care facilities.

Concerning long-term care there are four major health services: home care, centres for day care, residential homes and nursing homes.

Home care includes medical care and non-medical services. Medical home nursing care, which consists of services such as wound dressing and drug administration, is provided as part of the social security scheme and is currently reimbursed at the Belgian Federal level through the National Institute for Health and Disability Insurance (NIHDI)[77]. Non-medical home care services are regulated and organised by the Communities. These services include help with personal care tasks (e.g. help with eating or moving around, hygienic help) along with instrumental help (e.g. light housework, preparing meals). The services offered under the health insurance scheme and those provided for by the Communities partially overlap.

In 2002, the Federal Government introduced the "Integrated Home Care Services" (*Geintegreerde Diensten Thuiszorg (GDT)/Service Intégré de Soins à Domicile (SISD)*), which are financed by the statutory health insurance system. This structure coordinates all disciplines involved in the care for patients for a specific geographical area[78].

In the Flemish community, it is coordinated by "Cooperation Initiatives Primary Care" (*SamenwerkingsInitiatieven Eerstelijnsgezondheidszorg* or *SELs*), officially recognised and subsidised by the Flemish Government[79]. In the French community, home care is coordinated by the "Coordination Centres for Home Care and Services" (*Centres de Coordination de Soins et Services a Domicile* or *CSSDs*). Their main task is to guarantee the quality of care and the cooperation between home care workers including GPs, home nurses, accredited services for family aid, aid for the elderly and social work, etcetera. Care support and coordination is geared towards keeping patients at home for as long as possible.

In centres for **day care** and "short-stay" care, nursing care and personal care are provided to elderly persons for whom home care is temporarily unavailable. This is meant for people who do not need intensive medical care but who require care or supervision and aid in the activities of daily living. A fixed daily compensation is paid by the compulsory health insurance.

Older persons who do not require much care can also be offered accommodation where individual living arrangements are combined with collective facilities such as meal services or home help services. These arrangements are commonly known as "service flats".

A **residential home** is a home-replacing environment where the medical responsibility rests with a general practitioner. The cost of stay is paid by the occupant, while medical costs and

[77] For more information on the organisation and financing of home care and, specifically, home nursing care, see SERMEUS, Walter, PIRSON, Magali, PAQUAY, Louis, PACOLET, Jozef, FALEZ, Freddy, STORDEUR, Sabine and LEYS, Mark, "Financing of home nursing in Belgium", Belgian Health Care Knowledge Centre, Report 122C, February 2010.

[78] To stimulate multidisciplinary cooperation instead of competition, each geographical area can have only one GDT-SISD, with the exception of the Brussels region where both the Flemish and the French communities can accredit GDT-SISDs. The GDT-SISDs main task is to oversee the practical organisation and to support care providers and their activities within the framework of home care. In Flanders, the overlap is now addressed through the emergence in 2010 of "Cooperation Initiatives Primary Care" (SEL), which are the only ones who can gain recognition as GDT.

[79] Before 1 January 2010, home care was coordinated through "*Samenwerkingsinitiatieven Thuiszorg*" (SIT) – or "Cooperation Initiatives Home Care".

the cost of care are taken by the compulsory health insurance scheme based on an objectively assessed degree of care needed.

The elderly who are to an important extent dependent on care but who do not need permanent hospital treatment are admitted in a **nursing home** (*Rust- en verzorgingstehuis* (*RVT); maison de repos et de soins (MRS)*). Each nursing home must have a coordinating and advisory physician who is responsible for the coordination of pharmaceutical care, wound care and physiotherapy. Each rest and nursing home must always have a functional link with a hospital. They must cooperate with the geriatric service of the hospital and a specialised service of palliative care. While residents must finance the cost of stay themselves, nursing care is reimbursed by the compulsory health insurance.

As the costs for medical care are reimbursed to the individual by the health insurance system, out-of-pocket payments are subject to the system of the "maximum billing system" (described above, chapter 2.3). Moreover, co-payments for some home nursing services were reduced from 15% to 10% as of February 2010.

Expenses related to non-medical long-term care are borne by the individual, but offset by several cash benefits. On the federal level, a monthly allowance for disabled persons and the elderly (*Tegemoetkoming voor hulp aan bejaarden; Allocation pour l'aide aux personnes âgées*) is allocated to persons aged 65 and older for whom a severe need for care is ascertained. This allowance is means-tested. Several other topical allowances exist, aimed at specific costs (e.g. incontinence material) or circumstances (e.g. for palliative care at home).

Flanders has introduced an additional "Flemish Care Insurance" (*Zorgverzekering*) in 1999, covering the costs of non-medical help and services borne by people with reduced self-sufficiency. The system is organised as a residence-based compulsory insurance-type scheme: every person residing in Flanders is obligatorily covered; persons residing in Brussels are allowed, but not obliged, to join. Note that the *zorgverzekering* only provides financial benefits; insurance under the scheme is not a requirement for receiving long-term care *services*[80]. The Flemish care insurance model has been fiercely contested within the Belgian context and has come under scrutiny in the context of EU coordination of social security schemes, as far as the rights and obligations of migrant workers are concerned[81].

Patients in residential care who do not have the means to pay for board and lodging are helped through social assistance services which are provided for by the municipalities.

In 2008, Belgium's expenditure on long-term nursing care was equivalent to about 2% of GDP, of which 1.7% of GDP was devoted to institutional care. In 2007, 6.6% of people aged 65 and older stayed in a residential home or a rest and nursing home (compared to 5.1% of people over 60 in 2007)[82].

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[80] More information on the Flemish care insurance can be found in the year reports of the Flemish Care Fund, accessible via http://www.zorg-en-gezondheid.be/Publicaties/Publicaties-Vlaamse-zorgverzekering/. Updated figures are posted on http://www.zorg-en-gezondheid.be/Cijfers/Cijfers-over-de-Vlaamse-zorgverzekering/.

[81] See ECJ 1 April 2008, case C-212/06 – http://www.curia.europa.eu. While strictly speaking only relevant for situations in which citizens move from one country to another, the cases raises interesting questions on the emergence of differentiated social security systems within Belgium, and the lack of coordination of such systems. The case, and an article by Mr. Verschueren, outline the debate (VERSCHUEREN, Herwig, "De regionalisering van de sociale zekerheid in Belgie in het licht van het arrest van het Europese Hof van Justitie inzake de Vlaamse zorgverzekering", Belgisch Tijdschrift voor Sociale Zekerheid, 02/2008, 177-230.

[82] OECD, "Belgium. Long-term care", country notes and highlights, May 2011. Detailed statistics for Flanders are available on the website of the Flemish Agency for Care and Health (http://www.zorg-en-gezondheid.be/Cijfers/Cijfers-over-zorgaanbod/).
For more information about long-term care and a detailed view on residential care, see VAN DEN BOSCH, K, WILLEMÉ, P, GEERTS, J, BREDA, J, PEETERS, S, VAN DE SANDE, S, VRIJENS, F, VAN DE

The Communities are responsible for issues of long-term care services that fall outside of the scope of the national social security scheme. Policies are therefore different in the different communities.

For the French Community, the "Plan Marshall 2.Vert" sets the policy objectives for the years 2010 to 2014 along six axes[83]. Concerning long-term care, the focus is on investment in infrastructure and on creating caregiver jobs. This policy is approached from economic and employment logic, from the concern to allow anyone to be professionally active. Increasing the supply side of care therefore is inspired by the need to remove impediments for non-professional caregivers to work, and by the desire to create additional jobs through investment in the sector. By February 2011, € 69 million was invested in the development of 53 projects concerning retirement homes and care homes.

In Flanders, policy is set out through the "Vlaanderen in Actie – Pact 2020" plan which contains twenty targets in five central themes. Measuring progress is facilitated by a "zero-measurement" performed at the plan inception. Here too, the focus is on jobs and on sustainable development. However, as Community and Regional powers in Flanders are united within the same administrative and political structures, the social dimension (a Community package) is developed more separately from the economic dimension (which belongs to the Regions). For long-term care, the specific Flemish care insurance will be enforced, and a mechanism akin to the "maximum billing system" in health care will be developed and applied for home care services, putting the focus squarely on this type of long-term care.

2.4.2 Debates and political discourse

Debate and political discourse concerning long-term care to a large extent follows that surrounding the health care sector.

The separate policies of the Communities are discussed in terms of initiatives and policy plans tabled by their respective governments, and are developed with involvement of the different stakeholders in the provision of services. Both policies focus on the integration of services. As long-term care is multi-faceted and as there is no universal definition available, it is difficult to identify specific debates. The mechanism whereby assistance to persons is a competency granted to the Communities but where the social security aspects are kept at the Federal level adds to the complexity and opaqueness of the system, making comprehensive comparison a near impossibility.

Here too, the division of competencies between the different state entities is set to change. In the government plan, the intention is expressed to transfer the (now federal) monthly allowance for disabled persons and the elderly to the Communities[84]. Other projected changes include a transfer of the organisation of institutionalised care, including setting the price charged to users.

This represents a shift whereby not only home care but also intra-mural care will be more in the hands of the Communities, allowing for different views on society to lead to different policy accents and priorities. It however also holds the same inherent risks as does the transfer of other

VOORDE, C, STORDEUR, S., Toekomstige behoefte aan residentiële ouderenzorg in België: Projecties 2011-2025, November 2011, KCE Reports 167A.

[83] "Plan Marshall 2.Vert" succeeds the original "Plan Marshall", which ran from 2005 to 2009. The main focus of both plans is to revive Wallonia economically. These plans are conceived on the level of the Walloon Region (competent for economic policy) but contain components meant to strengthen the bond of the Walloon Region with the French-speaking Community in Wallonia and Brussels. The "Plan Marshall 2.Vert" is explained in detail on a dedicated website - http://planmarshall2vert.wallonie.be/.

[84] Coalition Agreement, page 39. In Brussels, this competence will be transferred to the Joint Community Commission to ensure that the same benefit is provided over the territory of Brussels, irrespective of the language of the recipient.

matters, which is that relegation hastened by budget considerations can mean that the recipient of the competency is not ready to act, and the citizen is left in the cold.

2.4.3 Impact of EU social policies on the national level

Both the Flemish and French-speaking Community have developed comprehensive action plans concerning long-term care, in which it is however difficult to fathom the concrete influence of European social policy – more so as international benchmarking and comparison is not easily applied at sub-national level[85]. Generally speaking, the subject is approached in terms of poverty prevention and reduction.

Flanders has explicitly made the link with the EU 2020 agenda by formulating its own "Flemish Reform Programme" which links European targets with Flemish ones[86]. As there are no specific targets or indicators concerning long-term care, no specific reporting is available. Further explanation for the apparent lack of extensive and focused attention on long-term care in both Communities, is the fact that strategies here are a mix of health promotion and prevention, ensuring affordable housing, infrastructure, care services proper, and many other factors. This fragmentation is of course not unique to Belgium, but it does make it difficult to discover comprehensive and unified policies. It also risks rendering any assessment not based on thorough and dedicated analysis incomplete.

In the framework of the European Year of Active Ageing, aspects of long-term care are included in the Belgian Work Programme to which the Communities contribute[87]. Also here however it is difficult to point to clearly defined initiatives or considerations. For example, the issue of the position of informal caregivers touches the organisation of long-term care as well as participation in society.

While there is no shortage of policy in the field of long-term care, most plans and ideas have been formulated before the recent budget crunch on the federal, and subsequently on the Community and Regional levels. It is to be expected that plans will change as funding needs and priorities are shifted.

2.4.4 Impact assessment

Where a 2010 report of the Belgian Health Care Knowledge Centre took a closer look at the financing mechanisms of (medical) home nursing care[88], a new report offers a projection of residential care capacity requirements from today to the year 2025 and attempts to offer objective information that should allow defining a supply growth path[89]. The study concludes

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[85] One should remember that the Communities and Regions are not subordinate to the Belgian Federal government. All entities in Belgium have equal legislative and policy-making power in the domains for which they are competent. In reporting towards the EU, the Federal level is often referred to as "entity 1", while "entity 2" is used to refer to the Regions and Communities.

[86] The process is explained on a website dedicated to the "Vlaanderen in actie – Pact 2020" plans (http://www.vlaandereninactie.be/). The "Flemish Reform Programme" (which is the extended version of the summary added to the Federal National Reform Programme) was adopted on 1 April 2011 and can be found here: http://www.vlaandereninactie.be/nlapps/data/docattachments/VHP%20zonder%20bijlages.pdf.
The intention to develop a "maximum billing system" for home care services mentioned in section 2.4.1 is inscribed in point 5.2.5. of this "Flemish Reform Programme".

[87] See http://www.socialsecurity.fgov.be/nl/active-ageing/index.htm.

[88] SERMEUS, Walter, PIRSON, Magali, PAQUAY, Louis, PACOLET, Jozef, FALEZ, Freddy, STORDEUR, Sabine and LEYS, Mark, "Financing of home nursing in Belgium", Belgian Health Care Knowledge Centre, Report 122C, February 2010.

[89] VAN DEN BOSCH, K, WILLEMÉ, P, GEERTS, J, BREDA, J, PEETERS, S, VAN DE SANDE, S, VRIJENS, F, VAN DE VOORDE, C, STORDEUR, S., Toekomstige behoefte aan residentiële ouderenzorg in

that, provided that the proportion of older people in home care versus residential care remains the same, the number of users of residential care will increase from the current 125,000 to 166,000 in 2025. Interestingly, it projects the needs per locality on the level of provinces on the basis of demography, and explains different outcomes in different scenarios.

The importance of this document is that it allows for increases in the supply of care beds to be planned according to evidence-based policy. The study employs a calculation model that can be used to test the impact of alternative policy, for example measures meant to prologue the time one can remain at home.

An interesting study by Dr. PACOLET looks into the use of "service coupons" (*dienstenchecques*) in the provision of care[90]. "Service coupons" were introduced in 2003 as a system of consumer subsidies for domestic services, aimed at increasing participation in the labour force by low-schooled persons, and at moving certain activities out of the black economy into the legal circuit. The system works by offering individuals a chance to buy vouchers which can be used to pay those who deliver domestic services such as cleaning, ironing and occasional child-care. From the supplier side, local work agencies co-ordinate those who deliver the service. The coupons can be used to pay a work hour at a reduced rate and offer an additional fiscal reduction.

While "service coupons" were never meant to be used for the provision of care, the figures show that the reality is different and that the system is widely used especially in the provision of home care. The study also observes that the number of vouchers used (counted per hour) per person seems to level at around 110 per person per year, or 220 per family per year. These figures allow estimating the impact of a budget measure taken at the end of 2011 and by which the number of "service coupons" is to be limited to 500 per person or 1,000 per family per year[91]. Thus, based on the figures cited in this report, this limitation should not prove problematic.

For further impact assessments, we refer to the publications concerning the availability of health care workers, mentioned earlier in this report.

2.4.5 Critical assessment of reforms, discussions and research carried out

The long-term care system offers a wide range of services, made affordable for the individual through its close integration with the health care system. The main challenges today are to make sure that the services are well coordinated and that the system remains accessible to financially weaker beneficiaries – a concern that points to the general issue of out-of-pocket payments. The fragmentation of the system renders this a real challenge. Not only are different services organised at different levels and under different schemes; citizens also tend to organise themselves in ways that surpass government provision, for example by using "service coupons" or by taking advantage of the different possibilities to take up paid leave (*loopbaanonderbreking; tijdskrediet*). Citizens seem to use these tools mostly when transferring to the different organised types of provisions. Service coupons, for example, seem to be widely used by those who experience a subjective need, but who do not (yet) qualify for receiving home care services.

België: Projecties 2011-2025 (*Residential care for older persons in Belgium: Projections 2011 – 2025*), Belgian Health Care Knowledge Centre, Report 167A, November 2011.

90 PACOLET, J, DE WISPELAERE, F, DE CONINCK, A, "De dienstencheque in Vlaanderen. Tot uw dienst of ten dienste van de zorg?" (*Service Coupons in Flanders. At your service, or at the service of care?*), Steunpunt Welzijn, Volksgezondheid en Gezin, April 2011.

91 The price of a service coupon for the user will also increase, from € 7.5 to € 8.5 in 2013. The current fiscal reduction remains unchanged. Typically, one coupon is used per hour.

At the same time, the division of competencies between the Federal system and the Regions hampers the emergence of clear policy, and prevents any one entity in fully subscribing to mechanisms where care is offered based on the needs of the individual. As changes made by one affect the other, transparency seems to be lacking, even at the level of objective evaluation of the quality and functioning of the system. While figures are available on the quantity of services, on satisfaction and on its quality, no encompassing evaluations seem to show how all services come together for the recipient, or if everyone receives his or her entitlement based on their respective needs.

To find out if the benefits and services offered through the Federal social security system sufficiently and efficiently work together with those offered by the Communities, research is necessary from the perspective of individuals' needs. A first step in such a study would then have to be to agree on the definition of health care versus social care, and to define what constitutes a comparable and relevant total package.

Fragmentation of services in the field of long-term care is of course not unique to Belgium. However, the lack of clear and quantifiable information means that the impact of measures by one state entity is not easily gauged at the level of the other entities. The solution in itself – to bring all competencies regarding long-term care together – is politically difficult and will not be achieved by the currently planned transfer of powers away from the federal level to the Communities.

Also in this field, the challenge is in cooperation and coordination. Where it concerns topical policy, such partnership exists and its strengthening is further envisaged. But also here, the immediate worry is in the effect of budgetary measures on the provision of services in the field. While cuts for example in the system of service coupons and in mechanisms that allow for career interruption may make sense in themselves, there is also a point where such interventions negatively influence the capacity to obtain and organise long-term care. If not discussed or identified beforehand, these negative effects may come as a surprise, leaving no time to be compensated by the Communities.

2.5 The role of social protection in promoting active ageing

2.5.1 Employment

A first observation is that the possibility to work longer and the effects it has on individual pension rights are different depending on the pension system one belongs to. While it is the government's intention to bring the different schemes closer together, definite decisions have not yet been reached. Measures already enacted at the end of 2011 however do carry real changes, of which the most prominent ones are the tightening of the conditions for early retirement and for entering the system of "bridging pensions".

Referring to the description of the pension system above, the new government plans and initiatives amount to making it less possible and less attractive to stop work early. Measures that open the door to the other side by facilitating working longer are less pronounced. The message today is clear and firm – everyone will be required to work for an extra two years, or until the (unchanged legal retirement) age of 65[92].

[92] While employees and self-employed are free to work on past the age of 65, receiving a pension benefit depends on (in principle) not having a professional income. Moreover, the years worked beyond the age of 65 are (as of yet) not taken into account for the calculation of the benefit. Civil servants are currently obliged to stop working at 65, but this is set to change in the course of 2012. This description should be approached cautiously, as the parametric but important changes to the different pension systems are being rolled out.

The implementation of this policy is however at present somewhat less unequivocal and at times even chaotic. Key changes in the pension system were enacted swiftly, taking just about anyone by surprise. While the principles remain in light of subsequent protestations, small and larger adaptations and transitory measures emerge on a regular basis. As such, no definite description of the finesses of the pension system at the beginning of 2012 can be provided.

If policy is to be successful in promoting employment for older workers, it has to add measures pertaining the supply side of labour to the mix. As older workers in Belgium experience difficulties in finding suitable employment, the desire to keep people at work longer risks becoming a theoretical exercise if no accompanying policy initiatives are taken. Yet, some recent or planned changes to the Belgian social protection system and labour market policy seem to go the other way. The various systems of paid leave (*tijdskrediet, loopbaanonderbreking*), for example, have become more restricted in terms of periods and conditions, and an adaptation in the way in which such periods are taken into account for the calculation of a pension is underway. This not only limits possibilities to combine work and family life; it also has a direct impact on older workers who use the system to reduce working time at the end of their career.

Two extra measures – the obligation for employers to make an employment plan focused on older employees and the obligation to spread collective redundancies over three age categories – are sent for advice to the social partners who now have the opportunity to propose alternatives.

2.5.2 Participation in society

Working with and by volunteers became easier in 2006 with the entry into force of the 2005 Volunteer Act[93]. Before this Act, volunteer work was regulated through different uncoordinated laws, bylaws and administrative decisions. The 2005 Volunteer Act sets the definition of volunteer work and under what conditions it can be performed.

One of the constituting characteristics of volunteer work or unpaid work is that no wages may be paid. As a result, the remunerations that are received by way of cost compensation can be combined with social security benefits such as pensions or unemployment benefits and do not count towards accumulation rules. As such, the social security system facilitates volunteer work by persons who receive social benefits. On the other hand, as no contributions are paid, periods of volunteer work or unpaid work do not create new rights in terms of social security, such as for example opening the right to health care coverage or adding to the pension calculation.

2.5.3 Healthy and autonomous living

The different services provided for by the long-term care system put the focus on supporting dependent older persons in their home environment for as long as possible. Different arrangements such as home nursing services, (non-medical) family care services, day centres, individual living arrangements with collective facilities ... make this possible.

Long-term care services are provided for by different political and administrative authorities, which means that policy-setting and implementation require coordination. To this end, cooperation initiatives are put in place to improve collaboration between care providers in different settings, and to streamline the provision of care as patients move between different arrangements.

Protocol agreements between the federal government and the communities ensure that policies don't contradict and that efforts are aimed at common goals. As a result, home care services

[93] Act of 3 July 2005 concerning the rights of volunteers.

and public expenditures on home care have grown considerably in recent years while expansion of residential care capacity has been limited by a moratorium. During the past decade the number of home nursing care users has grown by more than 40% and the number of users of family care has grown by more than 20%, while the increase in residential care users amounts to less than 10% only. In residential care, the share of more care dependent residents has increased. Spending on residential care is however still higher than spending on home care.

From the side of the user of the services, medical costs are compensated by the health care system, which covers the majority of the population. Non-medical costs are provided in-kind or are covered through cash benefits such as the federal monthly allowance for disabled persons and the elderly, the Flemish Care Insurance, and / or topical allowances such as for incontinence material. When out-of-pocket payments become too important when compared to income, schemes such as the "maximum billing system" ensure that long-term care remains affordable.

The existence of informal or family care is a crucial element in enabling dependent older persons to stay in their own homes. Informal caregivers are supported through information provision, social and psychological services. To facilitate the combination between care-giving and working, paid leave schemes exist for employees and civil servants[94]. These schemes allow taking time off to care for a needy person whilst receiving a replacement income provided for by the unemployment insurance scheme. Periods taken under these schemes count as contribution periods for other social security benefits, such as pensions[95].

Informal care is further supported by the existence of day centres and short-stay care centres which allow to temporarily alleviate the burden of informal caregivers.

[94] The new coalition agreement restricts the use of paid leave schemes from 1 January 2012 onwards. As a result, the possibility to obtain leave and to suspend the employment relation remains the same but the conditions under which compensation can be claimed have become more restricted, both in terms of career conditions and maximum periods.
Royal Decree of 28 December 2011 (Koninklijk Besluit van 28 december 2011 tot wijziging van het koninklijk besluit van 12 december 2001 tot uitvoering van hoofdstuk IV van de wet van 10 augustus 2001 betreffende de verzoening van werkgelegenheid en kwaliteit van het leven betreffende het stelsel van tijdskrediet, loopbaanvermindering en vermindering van de arbeidsprestaties tot een halftijdse betrekking (*BS* 30 december 2011, vijfde editie).

[95] Paid leave schemes apply to persons who wish to take a break in their career either for no specific reason or for a specific goal such as studying, caring for a sick family member, ... On 14 July 2011, a proposal was tabled in the Senate for an Act that would create a more encompassing and specific set of rights and obligations for informal caregivers ("*mantelzorgers*"; "*aidants proches*"). See for a state-of-affairs http://www.senate.be/www/?MIval=/dossier&LEG=5&NR=1172&LANG=nl; see also the advice given by the National High Council for Disabled Persons (http://ph.belgium.be/view/nl/advices/advices_2011/advice_2011_20.html;jsessionid=DF6476C5CAC0DEC9D57545019B0F734B) and the study towards a legal recognition and social statute by FLOHIMONT, V, VAN LIMBERGEN, G, TASIAUX, A, BAEKE, A-M and VERSAILLES, P, "Reconnaissance légale et accès au droits sociaux pour les aidants proches" (*Legal recognition and access to social rights for caregivers*), May 2010.

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3 Abstracts of Relevant Publications on Social Protection

[R] Pensions
- [R1] General trends: demographic and financial forecasts
- [R2] General organisation: pillars, financing, calculation methods or pension formula
- [R3] Retirement age: legal age, early retirement, etc.
- [R4] Older workers activity: active measures on labour market, unemployment benefit policies, etc.
- [R5] Income and income conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work, etc.

[H] Health
- [H1] Health expenditures: financing, macroeconomic impact, forecasting, etc.
- [H2] Public health policies, anti-addiction measures, prevention, etc.
- [H3] Health inequalities and access to health care: public insurance coverage, spatial inequalities, etc.
- [H4] Governance of the health system: institutional reforms, transfer to local authorities, etc.
- [H5] Management of the health system: HMO, payments system (capitation, reimbursement, etc.)
- [H6] Regulation of the pharmaceutical market
- [H7] Handicap

[L] Long-term care

[R] Pensions

[R, H, L] CANTILLON, B, POPELIER, P and MUSSCHE, N (eds.), "Social Federalism: The creation of a layered welfare state – The Belgian case", 2011, Cambridge-Antwerp-Portland, 302/retrieved from:
http://www.intersentia.be/searchDetail.aspx?back=reeks&reeksCode=&bookid=101821

In this book, the issue of social federalism in Belgium is discussed. The book gives an overview of the division of powers over the Federal, Regional and European level, and critically assesses the state-of-affairs and aspirations against the background of the major challenge of an ageing population and effective social policy. The book considers at which level the bulk of an effective social policy is best situated, what the role of the sub-national entities can be, and which limitations are imposed by the constitutional and European framework. The various forms of power allocation are considered for social federalism in Belgium. From the perspective of various scientific disciplines and averse to any political dogma, this book pleads for a more nuanced thinking on social federalism in Belgium.

[R2] Court of Audit, "168th Report of the Court of Audit", November 2011, 421/retrieved from:
https://www.ccrek.be/EN/Publications/Fiche.html?id=b6c3052e-56b4-4930-90d9-f77561c4d384

The Court of Audit (*Rekenhof, Cour des comptes, Rechnungshof*) is a collateral body of Parliament. It exerts an external control on the budgetary, accounting and financial operations of the Federal State, the Communities, the Regions, the public service institutions depending upon them, and the provinces. Next to topical reports and audits, the Court publishes a yearly general report (nicknamed the "blunder book"). In its 168th yearly report, the Court of Audit calculates the cost for pensions in the public sector to have risen by 24.7% in the period 2006 to 2010, and projects this trend to continue in the coming years as 42% of civil servants at present are older than 50.

[R2] DE VIL, Greet, FASQUELLE, Nicole, FESTJENS, Marie-Jeanne and JOYEUX, Christophe, "Welvaartsbinding van sociale en bijstandsuitkeringen", Federal Planning Bureau

Working Paper 4-11, March 2011, Brussels, xix + 74p/retrieved from:
http://www.plan.be/admin/uploaded/201104071246330.wp201104.pdf.
"Prosperity-consistency of social benefits"

In this Working Paper by the Federal Planning Bureau, the effects of mechanisms on the adequacy of pensions is discussed. The paper concludes that the stabilising effect of the "prosperity bonus" is important and has a direct influence on poverty figures. The study also explains why the poverty risk amongst the elderly is set to diminuish between 2030 and 2050 by pointing at the influence of repeated adaptations of the Minimum Income Guarantee for the Elderly and the general rise in pensions for women (due to longer careers).

[R1; R3] Study Committee on Ageing, "Jaarlijks Verslag 2011", June 2011, Brussels, 84/retrieved from:
http://www.plan.be/publications/Publication_det.php?lang=nl&TM=30&IS=63&KeyPub=1057
"Annual Report"

The 2011 report of the Study Committee on Ageing contains projections on the evolution of the budgetary cost of ageing (defined as the variation of all social expenses over a given period) in different scenario's. This year, two sensitivity analyses are added of which one, *in tempore non suspecto*, calculates the shift in costs given the measures that were enacted by the new government at the end of the year. Forecasts based on this changed policy show that the budgetary cost is only minimally affected, bringing down the cost of ageing between 2010 and 2060 by no more than one percentage point.

[R2] VAN DE CLOOT, Ivan and HINDRIKS, Jean (2011), "Onze pensioenerfenis. Hoe de pensioenuitdaging aangaan", May 2011/retrieved from:
http://www.itinerainstitute.org/upl/1/default/doc/Itinera_binnen_NL_DEF.PDF
"Our pension inheritance. How to approach the pension challenge."

This think-tank report proposes comprehensive changes to the Belgian pension system, in order to improve its adequacy, equity and sustainability. One of several proposals published, this report stands out for its documented overview of the challenges and its calculated proposals that allow to assess the concrete impact of changes made to the system.

[H] Health

[H] OECD, "Health at a glance2011: OECD indicators", OECD Publishing, November 2011, 200/retrieved from:
http://dx.doi.org/10.1787/health_glance-2011-en

The sixth edition of "Health at a glance" is an excellent resource for the latest comparable data on different aspects of the performance of health systems in OECD countries. Key indicators provide information on health status, the determinants of health, health care activities and health expenditure and financing in OECD countries.

[H] WETS, J. and DE BRUYN, T., "Migratie: de oplossing voor het personeelstekort in de zorg-en gezondheidssector?", HIVA, December 2011, 114/retrieved from:
http://www.kbs-frb.be/event.aspx?id=286956
"Migration: the solution to the shortage of staff in health- and long-term care?"

The question whether migration could be the answer to possible shortages of health care professionals is discussed in this report by the University of Leuven. The study starts by the observation that current and projected shortages of health care staff seem to be due not to a lack in number of health care workers, but rather to the fact that many work part-time and that some tasks and positions are unappealing and undervalued. Solutions are therefore more to be found in increasing the job appeal for health care workers and in actively recruiting domestically. Active recruitment from abroad is still very limited in Belgium, and is not part of official policy.

[H1] ANNEMANS, Lieven, VAN DAMME, Brieuc, "Je geld of je leven? Een pleidooi voor meer kosteneffectiviteit in de Belgische gezondheidszorg.", Itinera Institute Analysis, September 2011, 60/retrieved from:
http://www.itinerainstitute.org/nl/bibliotheek/_paper/your-money-or-your-lifea-plea-for-more-cost-effectiveness-analyses-in-belgian-healthcare4/
"Your money or your life? A plea for more cost-efficiency in Belgian health care."

In this study, the authors look at health care expenditure in Belgium and investigate the link between additional spending and cost versus benefit indicators. As not all innovations are equally valuable, the report suggests the use of objective parameters in order to differentiate economically sound from economically less efficient investments. By taking this additional information into account, the political and societal question as to what health care to offer, becomes easier to answer.

[H1] Court of Audit, "Begroten en beheersen van de uitgaven voor geneeskundige verzorging – opvolgingsaudit", 29 June 2011, 60/retrieved from:
https://www.ccrek.be/NL/Publicaties/Fiche.html?id=611db233-246e-4308-b4e6-a4aee880d110
"Report to the Federal Parliament: Estimate and monitoring of health care expenditure."

This audit looks back on a previous report of January 2006, in which the mechanisms that should limit overspend in the compulsory health insurance were discussed. At the time, these mechanisms were deemed not sufficiently effective. The present report finds that the recommendations made then have largely been followed, but that structural problems with the mechanism remain – making it inefficient in a negative budgetary context. In essence, the allowed growth margin (the growth norm plus indexation) is too generous to have the effect of avoiding excessive spending.

[L] Long-term care

[L] VAN DEN BOSCH, K, WILLEMÉ, P, GEERTS, J, BREDA, J, PEETERS, S, VAN DE SANDE, S, VRIJENS, F, VAN DE VOORDE, C, STORDEUR, S., Toekomstige behoefte aan residentiële ouderenzorg in België: Projecties 2011-2025, November 2011, KCE Reports 167A, 136p/retrieved from:
https://kce.fgov.be/nl/publication/report/toekomstige-behoefte-aan-residenti%C3%ABle-ouderenzorg-in-belgi%C3%AB-projecties-2011-2025
"Residential care for older persons in Belgium: Projections 2011 – 2025"

This study projects a strong rise of the number of users of residential care from about 125,000 currently to about 166,00 in 2025; an increase of some 40.000 places needed. Thus, more places need to be created to supplement the 129,732 places available in 2011. This increase is wholly due to population ageing; the prevalence of residential care among older persons is not

expected to change significantly. Striking is the observation that, even if home care would be expanded by 50% (beyond the increase that is required to keep up with an ageing population), the need for residential care would still increase to 149,000 places and would thus require an annual increase of 1,600 beds – compared to the average yearly increase of about 790 beds between 200 and 2009. Beyond 2025, the growth in demand fro residential care will most likely accelerate. The study employs a calculation model that can be used to test the impact of alternative policy, for example measures meant to prolongue the time one can remain at home. (This report is available in English.)

[L] PACOLET, J, DE WISPELAERE, F, DE CONINCK, A, "De dienstencheque in Vlaanderen. Tot uw dienst of ten dienste van de zorg?", Steunpunt Welzijn, Volksgezondheid en Gezin, April 2011, 373, retrieved on 15 February 2012 at http://www.steunpuntwvg.be/swvg/_docs/Publicaties/201103%20Rapport%2014%20Dienstencheques.pdf.
"Service Coupons in Flanders. At your service, or at the service of care?"

This report looks at the usage of the Belgian system of "service coupons" (*dienstencheques*) as a mechanism through which citizens can receive subsidised care. Through interviews with different stakeholders, a rather detailed picture is drawn of the situation in Flanders. In summary, it seems that the system is widely used for services in the field of home care – even if it was not meant for that. The use seems so widespread that abolishing or limiting the system would risk uprooting a practical ways in which people have organised themselves. What is more, because the system has introduced private providers to the market of care provision and is also used by public providers who now also cater for the private market, adaptations would easily alter the way the supply side itself is organised.

4 List of Important Institutions

Centrum voor Sociaal Beleid Herman Deleeck (CSB) – Centre for Social Policy Herman Deleeck

Contact person: Dr. Bea Cantillon
Address: Sint-Jacobstraat 2, 4de verd., 2000 Antwerpen,
Webpage: http://www.centrumvoorsociaalbeleid.be/

The Centre for Social Policy Herman Deleeck (CSB) is a research unit within the University of Antwerp. It has been studying social inequality and wealth distribution in the welfare state for over 30 years. The research is empirical and multidisciplinary in nature, and is based largely on survey data. Herman Deleeck, who founded the Centre in 1972, fulfilled a pioneering role in developing social indicators for Flanders and Belgium. The Centre's research activities belong to the tradition of social policy analysis that makes use of sociological, economic and legal paradigms.
The CSB spearheads several research activities, and publishes useful indicators, amongst which the yearly updated Standard Social Security MicroSimulation Model, which makes it possible to simulate the impact of policy initiatives on the different branches of the social security system.

CoViVE, Consortium Vergrijzing in Vlaanderen en Europa – Consortium Ageing in Flanders and Europe

Contact person: Dr. Bea Cantillon
Address: Sint-Jacobstraat 2, 4de verd., 2000 Antwerpen,
Webpage: http://www.covive.be/

CoViVE is an inter-university consortium researching the socio-economic impact of ageing in Flanders and in Europe. Focal points are the spread of economic burden caused by an ageing population between and inside generations, the quality, affordability and accessibility of care, and the participation of older persons in employment and in social life. As cooperation between the Flemish administration and universities, CoViVE is coordinated by the Centre for Social Policy Herman Deleeck (University of Antwerp) and is financed by the Institute for Encouragement of Innovation through Science and Technology in Flanders (IWT).
CoViVE is active through study days, reports, papers and publications in periodicals.

Federaal Kenniscentrum voor de Gezondheidszorg – Belgian Health Care Knowledge Center

Address: Administratief Centrum Kruidtuin, Doorbuilding (10e verdieping), Kruidtuinlaan 55, 1000 Brussel,
Webpage: http://www.kce.fgov.be/

Created in 2003, the KCE is a semi-governmental institution which produces analyses and studies in four different research domains in which decisions must be taken; collecting and disseminating objective information from registered data, literature and current practice; and developing high level scientific expertise in these research domains. The four research domains mentioned are the analysis of clinical practices and the development of practical guidelines on this topic ("Good Clinical Practice"); "Health Technology Assessment"; "Health Services Research", which points to everything that has to do with the organisation and financing of health care; and "Equity and Patient Behaviour", which denotes access to quality care for everybody. The KCE publishes regular reports on these different aspects. It is important to note that, whilst created by government, the KCE is not directly involved in policy setting, or in the execution of policy. As such, it holds an independent position.

Federale Overheidsdienst Volksgehzondheid, Veiligheid van de Voedselketen en Leefmilieu – Federal Public Service Health, Food Chain Safety and Environment

Address: EUROSTATION, bloc 2, Place Victor Horta 40 boite 10, 1060 Bruxelles
Webpage: https://portal.health.fgov.be

The Federal Public Service (FPS) Health, Food Chain Safety and Environment was set up in 2001. Its competencies were transferred from the former Ministry of Social Affairs, Health and Environment and the regionalised Ministry of Agriculture. The following scientific establishments are linked to the FPS and carry out research into policy-supporting matters or issue advisory reports: VAR, Veterinary and Agrochemical Research Centre IPH, Scientific Institute of Public Health, SHC, Superior Health Council. The Federal Agency for Food Chain Security is responsible for all verifications with regard to food safety. The aims of the FPS are developing a transparent, dynamic and scientifically-based policy that takes care of people's health, provides a safe food chain and a better environment for everyone, both today and in the future.

Federale Overheidsdienst Werkgelegenheid, Arbeid en Sociaal Overleg – Federal Public Service Employment, Labour and Social Dialogue

Address: Ernest Blerotstreet 1, 1070 Brussels
Webpage: http://www.employment.belgium.be

The Federal Public Service Employment, Labour and Social Dialogue (FPS) is a public agency and was found in 2003. The tasks of the FPS among others are the preparation, promotion and implementation of policies of collective labour relations, supervision of social dialogue, prevention and reconciliation in social conflicts and the preparation, promotion and implementation of policies on employment, labour market regulation and unemployment plus of policies on equality and of policy on welfare at work. The FPS oversees the abidance of the implemented laws and prosecutes violation of law.

Federaal Planbureau – Federal Planning Bureau

Address: Avenue des Arts, 47-49, 1000, Brussels
Webpage: http://www.plan.be/

The Federal Planning Bureau (FPB) is a public agency. The FPB makes studies and projections on economic, social and environmental policy issues and on their integration within the context of sustainable development. For that purpose, the FPB collects and analyses data, explores plausible evolutions, identifies alternatives, evaluates the impact of policy measures and formulates proposals. Government, parliament, social partners and national and international institutions appeal to the FPB's scientific expertise. The FPB provides a large diffusion of its activities. The public is informed of the results of its research activities, which contributes to the democratic debate.
Most of the FPB's activities are legally defined. Other studies are made at the request of the Government, social partners and parliament. The FPB can also undertake projects at its own initiative or within the framework of research contracts with third parties. All the FPB's studies are published, presented publicly, and widely distributed, via their website. Of particular interest are the planning and forecast documents.

HIVA (Hoger Instituut voor de Arbeid) – Higher Institute of Labour Studies

Contact person: Dr. Jozef Pacolet
Address: Parkstraat 47, B-3000 Leuven
Webpage: http://hiva.be/nl/

The higher Institute of Labour Studies is an inter-faculty research institute, attached to the K.U.Leuven. HIVA conducts policy-oriented inter-disciplinary research into social problems of relevance to workers, underprivileged groups, social organisations and movements.
Its core activity is research and the dissemination of research results, conducted in an academic and policy-oriented manner.

Hoge Raad van Financien – High Council of Finance,
Webpage: http://docufin.fgov.be/intersalgnl/hrfcsf/onzedienst/onzedienst.htm
The members of the High Council of Finance are high level experts, who analyse and study fundamental budgetary, financial and fiscal issues, and suggest adaptations and reforms. They can act on their own initiative or at the request of the Federal Minister of Finance or the Minister of Budget.
The High Council of Finance publishes two yearly reports, one (in March) containing an assessment of the implementation of the stability programme in Belgium during the previous year, and one annual report (in June), which analyses the borrowing requirement of each of the local governments as well as the budgetary policy to be adopted.
Moreover, it publishes opinions formulated on its own initiative or upon request of the federal Minister of Finance, as to the advisability of restricting the borrowing requirement of one or more authorities.

Instituut voor de gelijkheid van mannen en vrouwen – Institute for the equality of women and men (IGVM
Address: Ernest Blerotstraat 1, 1070 Brussel
Webpage: http://igvm-iefh.belgium.be/
The mission of the Institute for the equality for women and men, a Federal Public Institution created in December 2002, is to guarantee and promote the equality of women and men and to fight against any form of discrimination and inequality based on gender in all aspects of life through the development and implementation of an adequate legal framework, appropriate structures, strategies, instruments and actions.
The institute brings together data on the labour market, and publishes topical reports, its own yearly reports, and a periodic report concerning the wage gap between men and women.

Itinera Institute
Contact person: Dr. Marc De Vos
Address: Boulevard Leopold II Laan 184d, B-1080 Brussels,
Webpage: http://www.itinerainstitute.org/
The Itinera Institute is an independent and non-partisan think-tank and do-tank that identifies and promotes roads for policy reform towards sustained economic growth and social protection, for Belgium and its regions. The institute publishes reports and opinions on different subjects, including ageing and pensions, poverty and inequality, employment and health care.

Nationale Bank van België – National Bank of Belgium
Address: de Berlaimontlaan 14, 1000 Brussel
Webpage: http://www.nbb.be/
The National Bank of Belgium is Belgium's central bank since 1850. The NBB publishes year reports, but also weekly economic indicators, economic reviews, and economic and financial background papers.

Detailed statistical information is offered through the Belgostat service (http://www.belgostat.be/), which makes the National Bank a prime source to access underlying statistical and analytic data on economics and finances.

Rekenhof – Court of Audit

Address: Regentschapsstraat 2, 1000, Brussels
Webpage: https://www.ccrek.be/

The Court of Audit (Rekenhof, Cour des comptes, Rechnungshof) is a collateral body of Parliament. It exerts an external control on the budgetary, accounting and financial operations of the Federal State, the Communities, the Regions, the public service institutions depending upon them, and the provinces. Next to topical reports and audits, the Court publishes a yearly general report (nicknamed the "blunder book").

Steunpunt tot bestrijding van armoede, bestaansonzekerheid en sociale uitsluiting – Service for the fight against poverty, insecurity, and social exclusion

Webpage: http://www.armoedebestrijding.be/

The Service was formed in 1999 on the basis of a recommendation of the 1994 General Report on Poverty, which itself brought together organisations in which the poorest had their say along with local public welfare agencies, social workers from the social assistance and special juvenile assistance sectors, teachers, doctors, employers and labour unions, … The Report requested that a structural tool would be developed for fighting poverty.
The Service is a partnership between the Federal State, the Communities, and the Regions, on the Continuation of the Policy on Poverty. It publishes statistics, notes and background papers concerning poverty. In addition, the organisation publishes bi-annual reports on poverty.

Steunpunt Welzijn, Volksgezondheid en Gezin – Policy Research Centre Welfare, Health, and Family

Address: Kapucijnenvoer 39 postbus 5310, 3000 Leuven,
Webpage: http://www.steunpuntwvg.be/

The Policy Research Centre is a consortium that supports Flemish decision-making in the field of welfare, health and family. To this end, it provides scientific research and formulates recommendations for innovating, efficient and integrated policy.
The Policy research centre brings together researchers from three Flemish universities (Leuven, Ghent and Brussels) and the College Kempen.

Studiecommissie voor de Vergrijzing – Study Committee on Ageing

Address: Avenue des Arts, 47-49, 1000, Brussels
Webpage: http://www.plan.be/

The Law of 5 September 2001 guaranteeing a continuous reduction in the public debt and the setting up of the Ageing Fund also provided for the creation of the Study Committee on Ageing within the High Council of Finance. This Committee publishes an annual report in which the financial consequences of the population's evolution for the different statutory pension schemes, social security schemes for salaried workers and self-employed workers and the scheme of guaranteed income for the elderly are assessed (see theme 'Population'). The Study Committee can undertake, on its own initiative or at the request of the Government, specific studies related to ageing (poverty, 'second pillar' pension schemes, etc.). The Law entrusts the FPB with the secretariat of the Committee. The FPB thus plays an important role in the drawing up of the necessary assessments and the preparation of the annual report of the Committee.

The department 'Borrowing Requirements of the Public Sector' within the High Council of Finance uses the report of the Study Committee to make recommendations for budgetary policy. On the basis of the work of the Study Committee on Ageing, the federal government draws up a memorandum on population ageing. The document contains an assessment of the additional costs in the social security schemes, describes the general policy in order to meet the consequences of ageing, gives an account overview for the Ageing Fund and describes the evolution of supplementary old-age pensions and of poverty amongst the elderly.

VIVES - Vlaams Instituut voor Economie en Samenleving – Research Centre for Regional Economics

Contact person:	Dr. Koen Algoed
Address:	Naamsestraat 61 (bus 3510), B-3000 Leuven
Webpage:	http://www.econ.kuleuven.be/vives/

VIVES is an independent think-tank which aims to contribute to the debate on the economical and social development of regions, with a focus on Flanders. The Centre is integrated both scientifically and legally within the K.U.Leuven as an inter-faculty research centre.

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(1) to improve the knowledge and understanding of the situation prevailing in the Member States (and in other participating countries) through analysis, evaluation and close monitoring of policies;
(2) to support the development of statistical tools and methods and common indicators, where appropriate broken down by gender and age group, in the areas covered by the programme;
(3) to support and monitor the implementation of Community law, where applicable, and policy objectives in the Member States, and assess their effectiveness and impact;
(4) to promote networking, mutual learning, identification and dissemination of good practice and innovative approaches at EU level;
(5) to enhance the awareness of the stakeholders and the general public about the EU policies and objectives pursued under each of the policy sections;
(6) to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives, where applicable.

For more information see:
http://ec.europa.eu/social/main.jsp?catId=327&langId=en