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Analytical Support
on the Socio-Economic Impact
of Social Protection Reforms

Annual National Report 2012

Pensions, Health Care and Long-term Care

Lithuania

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Gesellschaft für Versicherungswissenschaft und -gestaltung e.V.
GVG

Table of Contents

1 Executive Summary

In the year 2011 Lithuania continued recovering from recession. The government continued its austerity policy which was initiated in earlier years. The level of social protection maintained was rather low, but stable comparing to last year.

The discussions on the pension policy reforms were continued and new programmatic documents approved, but no essential reforms implemented, except of the final decision to increase statutory retirement age beginning starting in 2012. Also, the restructuration process of State Social Insurance Fund Board (Sodra) administration was implemented in order to simplify and cheapen the management of the Fund.

Maintaining the stable level of social protection was expensive. The Social Insurance Fund expenditures exceeded the revenues by almost LTL 2 billion and the full accrued deficit reached the level of around LTL 7 billion (about 6.6% of GDP). The performance of the funded system of pensions was not successful due to the turbulences in financial markets. This influenced increasing distrust of pension's funds and reduction of contributions into the funded system.

The Ministry of Health in Lithuania continued to implement three strategic goals of the reform in 2011: new pharmaceutical policy; reorganisation of the hospital network; reform of institutions sub-ordinated to the Ministry of Health and maintaining the same level of funding for public health and health care during the crisis.

The restructuring of health care institutions - efforts to balance health insurance budget and measures to reduce the prices of pharmaceuticals and the financing of prophylactic health programmes - should be named among the positive developments in the pension policy in 2011. The political decisions and measures of the recent three years were successful in alcohol and traffic accidents control. It allowed to increase average life expectancy and to reach the goals of National health programme's target. The mother and child health programme, which was greatly supported by the government of Switzerland, allowed to reduce infant mortality till the average rate level of EU by providing thee levels qualitative health care to pregnant women and new-borns. Financial and economic crisis didn't effect health care institutions very much, because the reduction of financing was not very significant and the restructuring measures were taken in due time.

Nevertheless, the most problematic issues in the health of the population and health sector are the public health primary prevention problems related to the healthy lifestyle of the population and work of other than health care sector institutions as well as involving the population to care about their health themselves. Involving other sectors in health promotion, promoting healthy lifestyle and protecting people from unhealthy environment as well as reducing inequalities are the major goals of the new National Health Programme. Health care access in terms of organisation of health care is also on the agenda. Long waiting times at the family doctor or for specialised care, patients' requirement of increased doctors' time and attention to their specific problems, existing local inequalities in access of emergency services, as well as illegal payments to the medical staff are all aspects to be discussed prior to preparing new plans.

Long term care and ageing of the population is a challenge in Lithuania. A widespread passive attitude towards future developments among the population, dissatisfaction with life and demands towards the government to take care of all kinds of problems is big concern in the country. Nevertheless, the reforms aiming to improve social and health protection in terms of adequacy, quality and sustainability together with the tension to consolidate public finances are the most urgent problems requiring solutions.

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

2.1 Overarching developments

The year 2011 was a period of continuation of recovery from recession. The GDP increased by 5.8% (in 2010 the growth was only 1.4%). In the beginning of the year the growth of GDP extended even the most optimistic forecasts, but by the end of the year it slowed down.

The average number of population of Lithuania in 2010 was evaluated as 3.2 million.

The average unemployment rate in 2011, according to the labour survey data, was still high: 15.4%, but decreased from the 17.8% level of the year 2010. The average wage after the long period of decline begun slightly to increase in nominal terms, but real average wage in 2011 still was by 1.5% lower than in 2010 (preliminary data). It means that in the labour market the employer is still in a stronger position than the employee.

The inflation rate was 3.4% (December 2011 to December 2010).

Seeking to reduce the budget deficit, the government decided in 2009 to cut public spending in many important branches like public administration, education, social protection, health and others. This policy was continued in 2010 and 2011. Despite this, the government foreign debt at the end of a year 2011 was LTL 30.8 billion or almost 30% of GDP – an increase of around LTL 4 billion compared to the year before.

The main decisions to reduce the social protection scale were taken in 2009. They affected social protection benefits in 2010 and 2011 (see the Lithuanian asisp Reports of the years 2010 and 2011). In 2011 the discussion about the social protection reform continued. Beside the discussion only one essential real decision has been made in 2011 - increasing the retirement age starting with 2012.

Despite the reduction of social insurance pensions and other benefits the Social Insurance Fund has still had almost LTL 2 billion deficit in 2010. The total debt of the Fund at the end of 2011 was around LTL 7 billion (about 6.6% of GDP).

As a result of the reorientation of social protection policy the distrust to pension funds, especially to the "second pillar" system increased. The contribution rates, reduced in 2009, were not restored and have decreased even more. More and more criticism against the "second pillar" approach has been expressed by the public opinion.

The exchange rate of the LTL against the EUR is fixed at EUR 1 = LTL 3.4528, due to the currency board regime.

2.2 Pensions

2.2.1 The system's characteristics and reforms

There are three types of public pensions in Lithuania, with different purpose, financing and administration:

- *Social insurance pensions* is the main pension system, and includes old-age, incapacity to work (disability) and survivor's (orphan's and widow(er)'s) pensions. The system is unfunded (PAYG) defined benefit financed by contributions. It is designed to replace parts of the employment income when a person retires (or becomes disabled or dies). Pension insurance contributions for this system are paid by employers, employees, self-employed and other persons who perform gainful activities. The contributions are

collected into the State Social Insurance Fund. This fund is not included in the state budget and is managed by the State Social Insurance Fund Board (Sodra). Sodra collects contributions and pays pensions as well as sickness, maternity and labour accidents benefits.

- *Social pensions*. This pensions system is designed as a social assistance pension system. Social pensions, as a rule, are paid to the elderly or disabled persons who were not able to acquire social insurance rights, because they did not enter the labour market due to incapacity from childhood, raising children, taking care of disabled family members, etc. Despite the "assistance" purpose, social pensions are not means-tested. They are paid by the state budget (general tax income) and administered by local government social protection offices.
- *State pensions*. These pensions are additional to social insurance pensions. Their purpose is to provide a higher level of protection to some groups of citizens. These pensions are granted to certain "merited" or professional groups. The first group includes people with important contributions to national achievements, such as resistance fighters and people deprived by the former Soviet regime. The second group are military and police officers, judges, scientists, artists, and some other professional groups. As a rule, they are insured by the main pension insurance system, but they have supplementary rights to state pensions. These pensions are financed by the state budget and administered partially by Sodra, partially by relevant institutions (Ministry of Defence, Ministry of the Interior, etc.).

Since 2004, Lithuania also has two types of private pensions systems:

- The "second pillar" is fully funded defined contributions pensions system. It is financed by parts of obligatory pension insurance contributions. A working person is allowed to direct a part of the contribution to a funded personal account managed by a private pension accumulation company. This person loses a proportional part of social insurance pension rights, but expects to get more from the funded system at the time of retirement. Bearing in mind that the system only started in 2004 and the scale of the system was diminished in last years, today it still plays only a minor part in pension payments, but probably will be more important in the future when matured.
- "Third pillar" funded defined contributions pensions are also based on the system of personal accounts. The difference to the "second pillar" is that contributions to this pillar are not deducted from social insurance pension contributions. This pillar is just a voluntary savings system with certain tax advantages.

The details of calculation of pensions (pensions formula) are presented in the Lithuanian asisp report of 2010. The formula remained unchanged despite intense debates on this issue (see asisp Report of 2011 and discussion below). Like in former years, Lithuania still has no formal pension indexation rule. Pensions are not taxed. Pension insurance contribution rates in 2011 and 2012 remained at a level of 26.3% (23.3 points employer's part and 3 points employee's part).[1]

The most important change of the pension system in the last year was a decision to increase statutory retirement age. Before 2012 it was 62.5 years for men and 60 years for women. From January 2012 it is increased by 2 month per year for men and by 4 months per year for women aiming to be 65 years for both by 2026. The decision to increase retirement age was in certain sense "softened" by loosening the rules on early retirement (see below, section 2.2.2).

[1] It covers not only old-age, but also incapacity for work and survivorship.

As it was mentioned in the Lithuanian asisp report of 2011, the decision to reduce pensions was taken in 2009 and was implemented from the beginning of 2010. Reduced pensions were still paid in 2011. It was also promised to restore the values of pensions in 2012 and to pay back the difference in later years. Part of this promise was fulfilled - the amount of social insurance pensions was restored in 2012 and is now equal to the values of 2009.

The average old-age social insurance pension in 2010-2011 amounted about LTL 750 (EUR 217) and from the beginning of 2012 will rise up to the level of 2009, i.e. around LTL 815 (EUR 236).

In order to improve financial viability of the social insurance pension system the contribution rate to be transferred from pay-as-you-go into the funded system was in 2009 reduced from 5.5 to 2%. Though the promises to return to the 5.5 contribution rate into the funded system are not formally withdrawn, in June 2011 the government proposed another, a so called "2+2+2" approach (see below).

Life expectancy of older people in the last 10 years did not change much; it even slightly decreased for men and increased for women (see Table 1). The main reasons of ageing of the Lithuanian population are low birth rates and emigration of young people.

Table 1: Life expectancy

	2000	2005	2008	2009	2010
At birth male	66.74	65.36	66.30	67.51	67.98
At birth female	77.37	77.42	77.57	78,56	78.78
60 years male	16.48	15.65	15.98	16.04	16.22
60 years female	21.79	21.66	21.90	22.22	22.31
65 years male	13.59	13.07	13.34	13.38	13.50
65 years female	17.77	17.67	17.98	18.25	18.28

Source: Demographic Yearbook 2010. Vilnius, 2011

In 2004 an early retirement scheme was introduced in Lithuania. Despite expectations (especially during the time of recession with a very high unemployment rate) it is not popular. At the end of 2011 only 12 thousand (2%) of old age retirees were in this scheme. Therefore this scheme is not seen as a major problem like in other countries, where early retirement decreases the average retirement age. The scale of early retirement may increase in 2012 because from the beginning of 2012 the entitlement for early retirement has been made more easily available (see below, section 2.2.2).

The amount of the average social insurance old-age pension by gender is presented in the following Table 2. According to these data, the gender gap between men and women pension benefits in Lithuania in the last decade was around 18-20% with no clearly observable trend (see a comment below, section 2.2.4).

Table 2: Average social insurance old age pension (in LTL) and gender gap

Year	Men	Women	Gender gap
2001	343.54	281.04	18.2%
2002	358.08	288.18	19.5%
2003	384.23	308.83	19.6%
2004	398.76	321.31	19.4%
2005	450.98	367.72	18.5%
2006	512.13	416.04	18.8%
2007	582.03	472.73	18.8%
2008	852.40	679.80	20.2%
2009	937.88	752.03	19.8%
2010	835.41	698.80	16.4%
2011	842.87	701.42	16.8%

Source: Lithuanian Department of Statistics http://db1.stat.gov.lt/statbank/default.asp?w=1280.

It should be pointed out that the Table does not include widow's and widower's pensions. These pensions are granted additionally to other social insurance pensions and its beneficiaries are mainly women. "Integrated" old age and survivor's pension's figures would present a smaller gender gap, but these are unfortunately not available.

As Lithuania did not borrow money from the IMF, and did not ask for EU financial support, there was no conditionality with regard to the pension system.

2.2.2 Debates and political discourse

In 2011 and at the beginning of 2012 the main programmatic documents of the government and the parliament (Seimas) were the *Concept of Social Insurance and Pensions System Reform* (approved by Government on 15 June, 2010) and the *Guidelines of Social Insurance and Pensions System Reform* (approved by the parliament on 24 May, 2011, further referred to as *Guidelines*).

Both documents are referred to in the Lithuanian asisp report of 2011. The *Guidelines* were finally approved with slight differences to the draft referred to in the last years' asisp report. The final version uses instead of the phrase "to establish a state "second pillar" pension fund at a Lithuanian Bank or the State Social Insurance Fund" a more modest statement – "to evaluate the possibility to establish State managed "second pillar" pension accumulation company. The proposition "to define a higher contribution rate for the social insurance pension (PAYG) part than for the funded part" in the final version has been abolished. The final version of the *Guidelines* also requires only the "evaluation of possibilities" to calculate pensions according to NDC or "pension points" systems.

Until now, neither the *Concept,* nor the *Guidelines* are integrated into actual pension legislation (except the increase of retirement age). Even more, it seems that the ruling coalition will not have enough time to do this due to the coming elections in autumn 2012. In June 2011 the government approved the *Plan of Implementation of the Concept of Social Insurance and Pensions System Reform.* Almost all implementation measures are planned to be finished in the years 2013 and later, except of the increase of the retirement age and the administrative reform of the State Social Insurance Fund (Sodra). The study on possible changes of pension calculation formula should also be finished by 2012.

Some important pension system issues were debated in the period from May 2011 until February 2012.

Retirement age. The final decision to increase statutory retirement age was taken on 9 June 2011. 60 Members of the parliament voted for this decision, 42 were against, the rest of 141 abstained. Most debates prior to this decision are referred to in the Lithuanian asisp report of 2011. In general, almost all stakeholders more or less reluctantly agreed with this decision. The ruling coalition of the Conservative Party and Liberals voted for this decision, the Social Democrats voted against, but did not oppose very strongly.[2] The Labour Party expressed strongly its negative opinion arguing that the government should have used other measures to improve the financial situation of social insurance. They also pointed out that the increase of retirement age may increase the unemployment rate.[3] Independent experts argued that it was more important to introduce a flexible retirement age than a fixed one.[4] The Lithuanian Free Market Institute opposed the decision; in their opinion it constitutes a hidden increase of taxes. The Institute has also underlined the need to introduce a flexible retirement age.[5]

The decision to increase retirement age was in a certain sense "softened" by the amendment of the Law on Early Retirement. Before 2012 the precondition for being eligible for early retirement was a registered unemployment of at least one full year before the application From 2012 this requirement was abolished with no essential discussions (requirements to reach 5 years of employment before retirement age and to have 30 years of insurance remain obligatory for the entitlement).

***Calculation of pensions and pensions values*.** The most heated discussion on pension formula (NDC *versus* "point system") took place before the *Guidelines* were approved. This discussion has been referred to in the Lithuanian asisp report of 2011. The *Guidelines* did not support any approach and only declared the need of evaluating the possibilities to calculate pensions according to NDC or "pension points" system. This evaluation was performed in one of the research projects.[6] The main conclusion of the evaluation was that the "points" system is closer to the current formula and implementation of this system needs less administrative or other costs. Researchers pointed out, that any system as such solves the problem of financial sustainability, but from this point of view the stability of a pension calculation rule is preferred. Both systems depend on pension indexation rules and these rules are urgently needed to be established.

Another problem with pension's calculation was strongly discussed in autumn 2011 following the "NDC or points" debate. In 2009, before the recession, the coefficient applicable to the earnings-related part of the pension regarding the years before pension reform (1994) was envisaged to be calculated according to the earnings of the five best years after the reform (after 1994). The Social Insurance Database was created in 1994, so data from 1994 is easily available. This rule was favourable for old and new retirees and would have been much easier to manage than the current rule requiring to collect personal earnings data in 1984-1993 from archives, non-existing enterprises, etc. Nevertheless, this new pension calculation rule was seen as too

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2 A.Butkevičius: neremsime pasiūlymo didinti pensinį amžių. http://www.delfi.lt/news/daily/lithuania/abutkevicius-neremsime-pasiulymo-didinti-pensini-amziu.d?id=45885519, retrieved 25 May 2011.

3 M. Zasčiurinkas. Valdantieji siautėja toliau. http://www.darbopartija.lt/naujienos/m.-zasciurinkas-valdantieji-siauteja-toliau/.

4 R.Lazutka: vėlinti pensinį amžių reikėtų lanksčiau. http://www.delfi.lt/news/daily/lithuania/rlazutka-velinti-pensini-amziu-reiketu-lanksciau.d?id=46433451, retrieved 10 June 2011.

5 R.Vainienė. "Sodra": žadėjo pensiją - davė mokestį http://www.delfi.lt/news/ringas/lit/rvainiene-sodra-zadejo-pensija-dave-mokesti.d?id=46598597, retrieved 15 June 2011.

6 R.Lazutka and others. The research report on impact of long term trends of development of Lithuanian pensions system on sustainability of Lithuanian public finances (2011).

expensive and thus postponed in 2008. The time of postponement expired and in the year 2012 the new calculation rule had to be applied.

In this situation, the government proposed to calculate the coefficient applicable to the earnings-related part of the pension regarding the years before 1994, according to the all (not five the best) years of employment after 1994. This, in principle rational proposition, was announced in a misleading way that "earnings in the years before 1994 does not matter anymore". People understood it as if the years before 1994 were at all not included into pension calculations. The President herself declared that she is against the proposition, other stakeholders also opposed the idea and finally the whole decision was postponed until 2013.[7]

It was mentioned above (see p. 2.2.1) that pensions in 2011 were continued to be paid in reduced amounts. The legitimacy of this was examined by the Constitutional Court upon requests of local administrative courts. In the beginning of 2012 the Constitutional Court published the new ruling on pension issues.[8] The Court decided that in an extremely difficult economic situation it is possible and it is not against the Constitution to temporary reduce pension values. At the same time the Court repeated its earlier expressed opinion that pensions should be reduced proportionally, so bigger scale of reduction for working pensioners was illegal. In the opinion of the Court a higher reduction of pensions for working persons violates the Article 48 of the Constitution saying that "each person is free to choose work and business". The Court also reminded that reduction should be only temporary in the sense that non-paid amounts of reduced pensions should be reimbursed later.

Role and place of funded system. One of the most heated topics was the role and place of the funded system in the overall pensions system. In June 2011 the government drafted the amendments of the Law on pension System Reform.[9] These amendments are also known as the "2+2+2" proposition. As it was mentioned before, in 2009 the contribution rate into the "second pillar" was decreased from 5.5 to 2% with a promise to restore the 5.5 contribution rate and even to increase it "after recession". The unsuccessful performance of pension funds, the critical public opinion on funds and the huge deficit of the Social Insurance Fund made the government prone to withdraw the former promise. On the other hand, it was clear that a 2 points contribution rate is too small for the "second pillar" if this pillar has to play a solid role in the future pensions system. So, it was proposed that a participant of the pension fund should also add 2% of his/her wage into the personal account. If a participant agrees with it, the State will then also add 2% of country average wage into this personal pension account in the "second pillar" system. The full contribution then would be composed of 2 points withdrawn from compulsory "first pillar" pension insurance contribution rate plus 2% of person's wage as a voluntary contribution plus 2% of country average wage granted by the State. This system was intended to start by default from 2013 (at the beginning at 2+1+1 mode until 2016). In the case the participant of the pension fund explicitly disagrees to pay the additional 2% of wage, then she/he is allowed to cancel the participation in this funded system or to continue the participation with 2 points withdrawal from the "first pillar" system. No State contribution in this case would be granted.

This proposition of the government did not meet strong support neither from politicians nor from the stakeholders.

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7 Palankesnė pensijų apskaičiavimo tvarka - nuo 2013-ųjų. http://www.delfi.lt/archive/article.php?id=52996223, retrieved 15 December 2011.

8 Nutarimas dėl Lietuvos Respublikos teisės aktų nuostatų, kuriomis reguliuojamas pensijų perskaičiavimas ir mokėjimas valstybėje susidarius itin sunkiai ekonominei, finansinei padėčiai, atitikties Lietuvos Respublikos Konstitucijai. http://www.lrkt.lt/dokumentai/2012/n120206.htm, retrieved 10 February 2012.

9 http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=402492&p_query=&p_tr2=2, retrieved 10 Feb 2012.

The President of the Investment Management Companies Association stated that pension accumulation companies would like to return back to former the 5.5% contributions rate.[10] He backed his opinion by a recent survey performed by RAIT Company. According to this survey, 57% of respondents disagree with the governments' proposal, especially with the proposition to pay additional contribution to pension funds. The association of pension funds participants has also supported this opinion.[11]

On the other hand, some Social Democrats and some experts[12] argued that the "second tier" approach was a mistake and should be abolished completely. In their opinion the withdrawal of a part of pension insurance contribution to personal accounts was a wrong idea promoted by the World Bank and it was a violation of the basic principle of social solidarity.

Finally the "2+2+2" proposition was returned to the government for improvement. The government did not withdraw it and is currently drafting a revised version which includes a reduction of fees paid by a participant to the pension fund. The current 1% charged on yearly average accumulated assets is proposed to be changed into 0.7% in conservative (low risk investment) funds. It is also proposed to gradually abolish the fee charged on each person's contribution into the fund (now the maximum fee is 10%, but in practice funds apply much lower rates).

The issue of pension funds was once more "on top" at the end of 2011 when the parliament discussed the budget proposals for 2012. The government had to rise about LTL 500 million (EUR 145 million) in order to be able to finance the promise of restoring the social insurance pension's values to the level of 2009. At the end of the year, the forecast of the growth of economy in 2012 was revised and the expected growth rate reduced. It increased the budget deficit approximately by an additional LTL 1 billion. In order to cope with this problem the first idea of the government was to increase the VAT. This proposition was not supported by coalition partners and then the government proposed to restore only half of the lost value of pensions (instead of earlier promised full restoration). This proposition met a strong resistance by the President[13], main political parties and it was not even supported by the Conservative Party. Then, the government proposed to suspend the contributions into the funded "second tier" system for one year, arguing that the needs of current pensioners are more important than the needs of future retirees. This proposition was strongly opposed by the Conservative Party and the coalition partners. The whole coalition was endangered. Finally it was agreed to reduce the contribution rate from the current 2 to 1.5% (with a legalised promise to increase this rate to 2.5 points from 2013).[14] It was also decided to cover the deficit with a newly introduced "luxury tax" and other measures.

2.2.3 Impact of EU social policies on the national level

The general perception of the OMC in the field of pensions is positive. Due to the OMC, the terms of "adequacy" and "sustainability" are always at the top of the pension agenda. In the

[10] proc. visuomenės nepritaria, kad keistųsi II pakopos pensijų fondų įmokų mokėjimo tvarka. http://www.lipfa.lt/news/87/58/57-proc-visuomenes-nepritaria-kad-keistusi-II-pakopos-pensiju-fondu-imoku-mokejimo-tvarka/d,naujienos_perziura, retrieved 1 February, 2012.

[11] M.Kalesinskas.Trys priežastys kritikuoti Pensijų kaupimo sistemos reformą. http://verslas.delfi.lt/business/trys-priezastys-kritikuoti-pensiju-kaupimo-sistemos-reforma.d?id=47360727 , retrieved 8 July 2011.

[12] P.Gylys: jei pensininkai būtų organizuoti, jie valstybę paduotų į teismą. http://verslas.delfi.lt/archive/article.php?id=52926121, retrieved 14 December 2011.

[13] D.Grybauskaitė nepritaria pusiniam pensijų grąžinimui. http://verslas.delfi.lt/archive/article.php?id=52587661 retrieved 6 December, 2011.

[14] Koalicija išliko: sutarta iš pensijų fondų atimti 0,5 proc., kol kas neapmokestinti mašinų. http://verslas.delfi.lt/archive/article.php?id=52984167, retrieved 15 December 2011.

course of discussion on pensions the comparison with EU pension levels, replacement rates, expenditures for pensions is always being taken into account.

EU 2020 strategy impact on pension reform debates. The EU2020 strategy requires that countries should "fully deploy their social security and pension systems to ensure adequate income support and access to health care" (p. 18). An adequate income support in old age is one of the official aims of all reforms. As an aim of the reform, the *Guidelines* declare the necessity to create a more viable and transparent pension system ensuring pension adequacy.

Annual Growth Survey of 2012 recommends to pay "special attention to pursuing the reform and modernisation of pension systems, respecting national traditions of social dialogue, to ensure the financial sustainability and adequacy of pensions, by aligning the retirement age with increasing life expectancy, restricting access to early retirement schemes, supporting longer working lives, equalising the pensionable age between men and women and supporting the development of complementary private savings to enhance retirement incomes".[15]

Most of these recommendations are included into the *Guidelines*. The social dialogue is intended to be broadened by extending the independence, responsibility and functions of the State Social Insurance tripartite Council (*Guidelines*, p.IV-14). The aligning of the retirement age with the increasing life expectancy and equalising retirement age between men and women is realised by the recent decision to increase retirement age. The need to "create the incentives to work longer, to achieve higher employment rate of older women and men; to connect the value of pensions with demographic and economic indicators; to apply flexible retirement age" is also declared in the *Guidelines* (*Guidelines*, p.II-6). The supporting of complimentary private savings is declared in the *Guidelines* as a necessity to "encourage people to participate in professional pension funds and third pillar pension funds" (Guidelines, p.V-8). It is important to point out that only the "third pillar" and professional pensions are promoted. The view on the "second pillar" is rather sceptical.

Concerning the restriction to access the early retirement scheme required by the Annual Growth Survey, Lithuania should take a step back and thus eases these restrictions (see section 2.2.2 of this report).

It also should be pointed out that from the time of the approval of the *Guidelines* and the *Concept* not much has yet been done in line with these documents. The main legal acts implementing these documents are expected to be adopted in the years 2013 and later (see section 2.2.2 of this report).

The country specific recommendations published in July 2011 required the Member States to "adopt the proposed implementing legislation on Pension System Reform in order to enhance participation in the labour market, remove fiscal disincentives to work, especially for people at pensionable age".[16] As it stated above, all implementing legislation is foreseen to be adopted later. The "fiscal disincentives" caused by the reduction of pensions for working retirees in time of the recession was reintroduced as temporary measure and will be abolished in coming years. The recommendation to "amend the relevant legislation to ensure that the social assistance system does not contain disincentives to work" was implemented by adopting the new version of the Law on Social Assistance in 2011.

[15] EUROPEAN COMISSION. Communication from Comission. Annual Growth Survey 2012. http://ec.europa.eu/europe2020/pdf/ags2012_en.pdf, retrieved July 2011.

[16] COUNCIL RECOMMENDATION of 12 July 2011 on the national reform programme 2011 of Lithuania and delivering a Council opinion on the updated convergence programme of Lithuania, 2011-2014 (2011/C 210/01). Official Journal of European Union 16.7.2011.

2.2.4 Impact assessment

The recession and social protection measures taken by the government have influenced the pension system. It may be stated as a paradox but in certain aspects the recession even improved the situation of older people compared to the rest of population. In this chapter the pension adequacy, gender aspect and financial sustainability of the pension system (payg and funded) will be discussed. Participation of older people in the labour market is presented in the chapter on active ageing.

Pensions adequacy issues: income and poverty indicators. Pension adequacy usually is evaluated by measuring income of older people (assumed as retired) and the younger generation. Lithuanian data of this kind are presented in the following Table 3.

Table 3: Median relative income of people 65+ as a ratio of income of people 0-64

	2005	2006	2007	2008	2009	2010
Total	0,81	0,74	0,69	0,71	0,73	0,92
Males	0,90	0,82	0,74	0,80	0,80	1,01
Females	0,75	0,70	0,65	0,68	0,69	0,89

Source: Eurostat database. Source: SILC [ilc_pnp2]

The indicator shows a relatively good situation of people above 65 years in 2010. Their median relative income is not much lower (only by 8%) than the income of the younger generation.

At risk of poverty rate as well as risk of poverty and social exclusion rate are much lower in 2010 than the corresponding total rates of all population. Only the material deprivation rate extends the country average (see following Tables 4 – 6).

Table 4: At-risk-of-poverty rate (%)

	2005	2006	2007	2008	2009	2010
Total	20,7	20,0	19,1	20,0	20,6	20,2
Males total	20,0	19,1	16,7	17,6	19,1	20,7
Females total	21,4	20,8	21,2	22,0	21,9	19,8
Total less than 65	21,4	19,6	17,2	18,2	19,7	22,1
Males less 65 years	21,6	20,2	16,9	17,7	19,9	22,3
Females less 65	21,2	19,1	17,4	18,7	19,6	21,9
Total 65 or over	16,8	22,0	29,8	29,5	**25,2**	**10,2**
Males 65 or over	6,4	10,3	15,2	16,8	**13,2**	**8,1**
Females 65 or over	22,1	28,1	37,3	35,9	**31,3**	**11,2**

Source: Eurostat database. SILC [ilc_li02]

Table 5: People at risk of poverty or social exclusion by age and gender (%)

	2005	2006	2007	2008	2009	2010
Total	41,2	35,9	28,7	27,6	29,5	33,4
Males	39,0	33,9	26,3	25,3	27,3	32,9
Females	43,0	37,7	30,9	29,7	31,4	33,8
Total less than 65	40,3	35,0	26,8	25,7	28,3	34,1
Males less than 65	39,6	34,7	26,3	25,2	27,8	34,0
Females less than 65	41,0	35,2	27,3	26,1	28,8	34,1
Total 65 or over	46,0	41,3	39,1	38,1	35,8	30,0
Males 65 or over	34,5	27,5	26,0	25,8	23,4	24,7
Females 65 or over	51,9	48,4	45,9	44,4	42,2	32,6

Source: Eurostat database. SILC [ilc_peps01]

Nevertheless it should be pointed out that all the indicators are relative: the total risk of poverty rate as well as the risk of poverty and social exclusion rate are much higher in Lithuania compared to the EU average. So, in absolute terms the situation of the older generation is not as good as it looks, and indicators of material deprivation rates confirm this fact.

It is also necessary to underline that the data of 2010 presents the situation of 2009. In this year the household income of all population has dropped down by 15.9%,[17] but pensions were not reduced. The impact of this policy was an extraordinary situation which changed the thresholds of poverty evaluation and resulted in an exceptional decrease of relative poverty rate of elderly (see the Table 2.2.4-2, figures marked by red). This situation also explains why the median relative income of people above 65 jumped from 73% in the previous year to 92% in 2010 (as compared with the median relative income of people under 65, see Table 4).

These changes look positive, but they were achieved through overindepting the Social Insurance Fund (see below). It is impossible to continue borrowing at the current scale. In coming years the adequacy indicators probably will go back to the levels of the years before the recession.

The indicator of material deprivation reacts to a lesser extent to the situation described above. In the first year of the recession it increased from 18.6% to 23.7% (people of 65 years and older).

Table 6: Material deprivation rate of people of 65 years and older

	2005	2006	2007	2008	2009	2010
Total	40,5	31,5	20,8	16,5	18,6	23,7
Males	32,5	21,8	15,3	12,2	14,0	20,7
Females	44,6	36,5	23,6	18,7	20,9	25,3

Source: Eurostat database. SILC [ilc_sip8]

It should also be mentioned that the situation of women, despite relative "statistical" improvement, remains worse than the situation of men, especially in terms of the risk of poverty for women above 75 (the rate is 1.5% for men and 13.4% for women). The data of the previous years show that the risk of poverty of the male population above 65 years was lower than the country average, while that of the female was much higher (see Table 5 above).

Having in mind that pensions were reduced in 2010, it is highly probable that the adequacy indicators in coming years will be more similar to the indicators of the years before 2009.

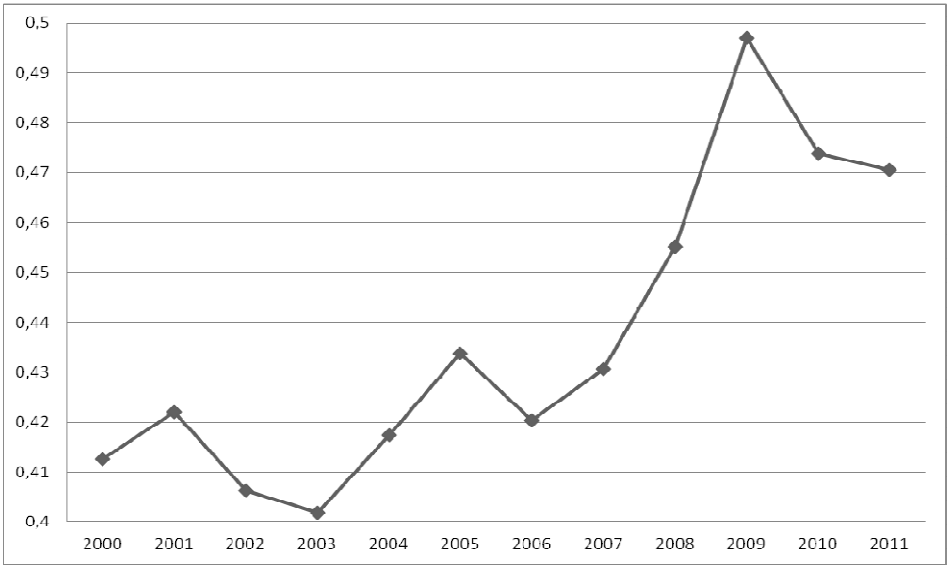
Pensions adequacy issues: replacement rates. Another approach to the adequacy of pensions might be based on measuring and forecasting the replacement rates of pensions compared to work income.

[17] Income and Living Conditions (2010), p 19.

The macro replacement rates (average old age pension compared to average net wage) mostly increased in 2009 as the wages dropped down, while pensions were not reduced. In 2010 and 2011 the replacement rate decreased but still remained above the pre-recession level of 43-45% (see Graph 1).

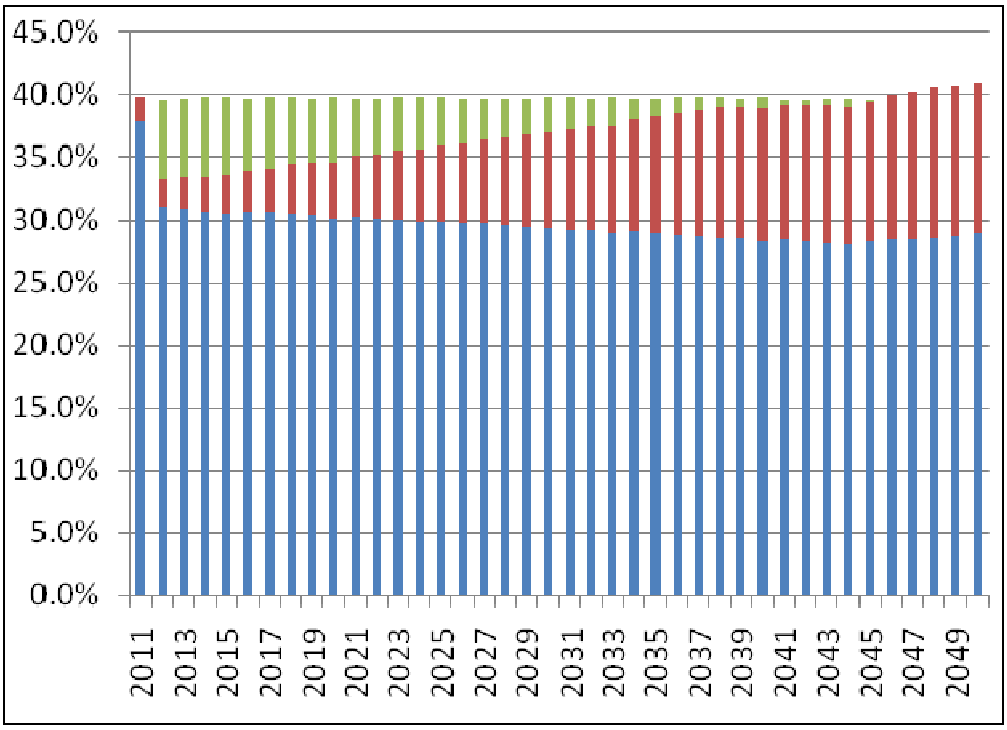
According to the projections of the Ministry of Social Security and Labour, in case if the proposed reform will be implemented (principle "2+2+2" will be applied and basic non-contributory pension will be paid only for the beneficiaries with low contributory pension), the future composition of gross replacement rate of average pension earner will look like presented in the Graph 2. Only around 40% gross replacement rate is expected in the mid XXI century (in current terms it is equal to around 50% net replacement rate). The funded system is expected to cover not more than 10 points of a full 40% replacement rate. It once more witnesses the growing scepticism towards this system and more reliance to earnings-related part of the *payg* system.

Graph 1: Macro replacement rate



Source: Own calculations based on Social Insurance Fund and Department of Statistics data

Graph 2: Projection of average wage earner gross replacement rate



Source: Ministry of Social Security and Labour

There are no more official projections or reliable research findings on gross or net replacement rates. Having in mind the absence of an obligatory rule on pension's indexation, the current discussion about the formula of pension's calculation, the huge deficit of the Social Insurance Fund and the changing approach to the role of the funded system as well as the recent decrease of contribution rates into this system, the projections on the year 2050 look highly uncertain.

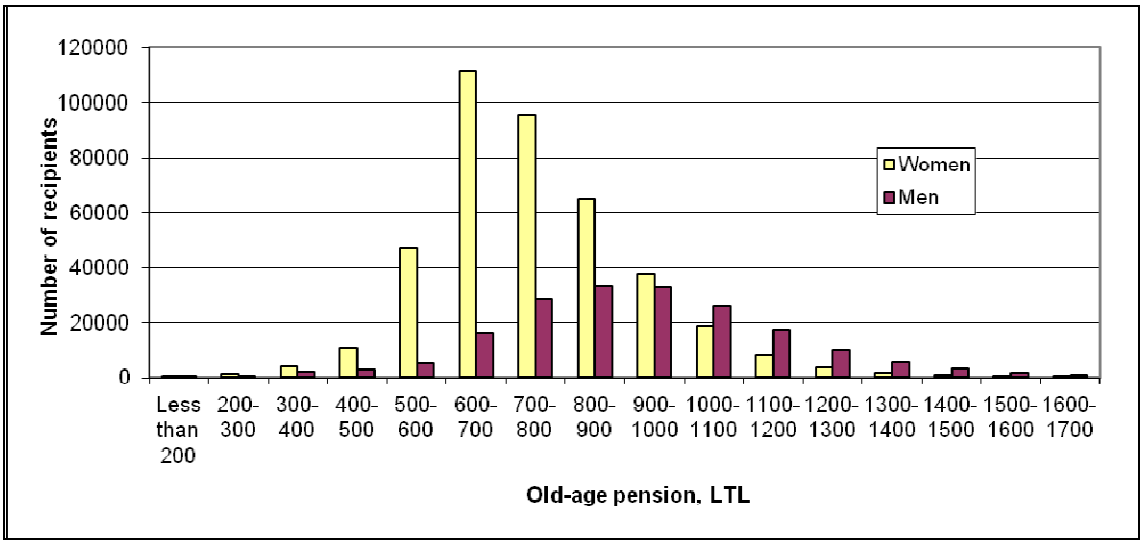
The gender pension gap was analysed on 3-4 November in Berlin on the occasion of the peer review concerning the effects of life courses on women's pensions.[18] The main data about gender gap are presented above (see Table 2).

In the last two years 2010-2011 the gender gap has decreased. This happened due to the fact that in time of severe economic recession all pensions have been reduced. The social insurance pension consists of two parts: a flat basic and an earnings-related pension (calculated according to the earnings in life course). The flat part was not decreased (but even slightly increased); the main reductions took place in the earnings-related part. The figures clearly confirm that the earnings-related part of the male part of the population is bigger than that of women, and the reduction of this part caused a decrease in gender gap.

The basic (flat) part of pensions looks as a certain gender (and not only gender) "equalising" measure in the pension system. The full basic amount is paid for beneficiaries who earned at least 30 years of insurance, for the others it is proportionally reduced. According to the Social Insurance Fund data, twice as many women as men have not fulfilled the requirements of the obligatory record of state social pension insurance (30 years): over 11,000 men (6.1% of beneficiaries) and over 28,000 women (7.6% of beneficiaries). This inequality additionally explains the gender gap and confirms the difference in life courses of male and female.

[18] http://www.peer-review-social-inclusion.eu/peer-reviews/2011/effects-of-life-courses-on-women2019s-pensions.

Graph 3. Distribution of pension recipients by pension amount and gender (2009)



Social Insurance Fund data.

As it is obvious from the Graph 3, the number of women with a lower amount of pension is significantly higher than the number of men with the lower pension (e.g. in 2009 the number of women receiving pension of LTL 600-700 was 111,5 thousand, whereas there are only 16,2 thousand men receiving the pension of the same amount). This significant difference of pension amounts and the higher life expectancy of women influence the increase of share of women at risk of poverty.

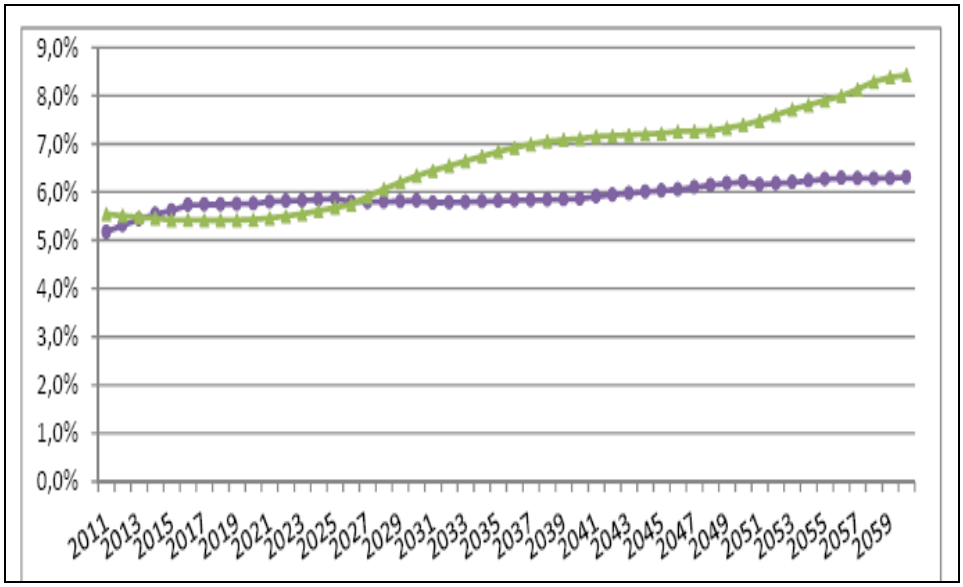
Financial sustainability of pensions system. The current financial situation of the pensions system is very difficult. All "improvements" of the indicators mentioned above were very expensive. The most challenging seems the fact that the Social Insurance Fund in the years of recession was indebted by around 7 billion LTL. As the government decided to restore the values of pensions in 2012, the full debt probably will reach around LTL 9 billion (EUR 2.6 billion) at the beginning of 2013. It amounts almost 110% of the yearly pension expenditures or about 2/3 of the total SIF expenditures approved for the year 2012.

The money for pensions and other social insurance benefit payments were borrowed by the State. The Ministry of Finance insists that the debt should be paid back in the future years by the SIF, which means that the debt should be paid by future social insurance contributions (or future retirees). Additionally, it is required by the Constitutional Court and promised by the government and the President that the difference between the full and the reduced pensions of 2010 and 2011 will be repaid to retirees in the coming years. In order to fulfil this promise a special Concept was drafted in July 2010.

If all these promises will be realised, it will have at least two negative consequences on pensions. First, it will be impossible in coming years to adjust pensions in line with growth of wages and the gap between living standard of working and retired generations will increase. The absence of obligatory rules on pension's indexation is helpful in this case. Second, an intercohortal inequity between the different age retirees will be created because those who were already retired in the years 2010-2011 will be entitled to compensations, but those who retired later – will not. This minority of "post-recession" retirees will be discriminated for a long time as the majority will be much more numerous.

The most recent projection of financial sustainability of the pension system in a long-term is presented in the Report drafted by the team of experts.[19] The income and expenditures of the pensions system are presented on the Graph 4. The green line shows the expenditures and the blue one shows the income.

Graph 4: Income and expenditures of old age pensions system (% of GDP)



Source : Lazutka and others, p.19.

According to the projections, the pensions system after 2015 will have a slight surplus and this will continue until the year 2025. After that year, the system will enter into a deficit. In 2060 the deficit will be around 2% of GDP or 25% of full pension expenditures.

The recession reasoned the financial difficulties not only in *payg*, but also in the funded system. The value of the investment unit after a certain recovery in 2009 and 2010 decreased again in almost all pension funds (see Table 7).

Table 7: The growth of value of unit of pension funds (per cent per year).

Investment strategies	2004	2005	2006	2007	2008	2009	2010	2011. 01- 09
Conservative	4.58	2.21	0.02	1.49	2.94	8.01	3.12	**1.92**
Small equity part	9.05	7.52	4.17	2.48	-12.00	13.36	6.17	**-1.87**
Medium equity part	11.88	15.10	6.99	4.78	-27.47	21.60	10.60	**-7.22**
Full equities	76.00	21.31	19.31	7.89	-54.91	27.56	18.82	**-15.39**
Weighted average	11.60	10.59	5.34	3.75	-19.71	17.31	9.05	**-5.06**

Source: Securities Commission reports. See www.vpk.lt

This situation further increases the scepticism concerning the funded part of the pensions system. Only liberal parties and pension accumulation companies themselves and their associations defend the funded part, especially the "second pillar" as rational.

2.2.5 Critical assessment of reforms, discussions and research carried out

The reform process continues very slowly. During its ruling the coalition used its majority of time for discussions, drafting of the concepts and guidelines. Only one real decision – increase of

[19] R.Lazutka and others. The research report on impact of long term trends of development of Lithuanian pensions system on sustainability of Lithuanian public finances (2011).

retirement age - was realised and with no doubt should be evaluated as a positive step (as a remark it may be noticed that more labour market measures aimed for employment of older people should accompany this step).

The direction of the reforms programming documents look acceptable and in line with the needs of the current situation, yet the government acted more with *ad hoc* measures forced by the recession rather than with a realisation of real reform steps. These *ad hoc* measures mostly should be evaluated as positive, but with some objections. Firstly, the Social Insurance Fund was indebted almost by yearly expenditures amount, partly due to full year delay of reduction of pensions and other benefits. Irresponsible promises to pay back the difference between the full and the reduced amount of pensions have been given. Secondly, the restoration of pension values from 2012 looks as a hasty measure and will increase the debt by additional LTL 2 billion. The wages and other income of population are not expected to return back to pre-recession level, so why should the situation of retirees improve more, and with such huge costs? Thirdly, it was a serious mistake to loosen the requirements for the entitlement for early retirement.

In this situation the following policy measures should be recommended:

1. The Social Insurance Funds' debt should be explicitly recognised as a debt of State and no attempt should be taken to charge future retirees or social insurance contributors in order to repay this debt. Otherwise, the replacement rates and the adequacy of pensions will drop down considerably.
2. The promise to pay back the difference between the full and the reduced pension should be withdrawn. If the living standards of working population decrease, the living standards of pensioners should proportionally also decrease. It is a simple consequence of the *payg* logic.[20] The government does not intend to pay back wages for workers or remunerate income lost due to the recession to anyone. A priority to remunerate retirees is in this case seen by parts of society as unjust and also causes intercohortal inequalities between older and younger retirees.
3. The clear rule on pension's indexation should be legalised as soon as possible. It should establish a clear relation between the income of the working population and pensions, ensuring the measures for long-term financial sustainability of the pension system. If strict obligatory rules on pension's indexation will not be legislated and implemented, a shortage in financing will cause a decrease of replacement rates.
4. The Reserve Fund of the pension system (or all social insurance system) should be established and strict rules how and when to use this Fund should be legalised.
5. The financing of the basic (flat-rate) pension should be shifted from contributory to State budget (general taxation) sources. Social assistance and widow's pension should be integrated into the basic pension. It will allow to increase the role of the contributory part and will help to change the flat rate part into assistance for pensioners with a low contributory part.[21]
6. There are no reasons to believe that the funded system is able to guarantee higher benefits than *payg* and *vice versa*. So the new balance between both systems should be established with more personal contribution from the participant's part.

[20] T.Medaiskis. Pensions at the Time of Recession. The Case of Lithuania. Zeitschrift fur Socialreform (Journal of Social Policy Research), 57 Jahrgang (2011), Vol. 3, p.259.

[21] See also R.Lazutka and others. The research report on impact of long term trends of development of Lithuanian pensions system on sustainability of Lithuanian public finances.(2011), p V.

7. Both pensions systems – the *payg* and the funded one – are endangered by ageing of the population. So an active ageing, longer participation of older people in the labour market should be promoted and a successful policy of reconciliation of work and family life (in order to increase birth rate and women's participation in the labour market) should be implemented.

2.3 Health Care

2.3.1 The system's characteristics and reforms

The current status of the health care system's organisation during 2011 has not considerably changed in Lithuania. The major change was related to the regional county councils reform. The responsibility for health care institutions subordinated to the county councils has been transferred to other administrative levels. Diagnostic related groups (DRG) financing method for the hospitals has started since 1 January, 2012. The Institution of National Public Health Service is under reorganisation. Its functions will be redistributed to the Ministry of Health and other public health institutions. Seven other public health institutions have been reorganised too.

The organisation of the health sector's in Lithuania is set by a mixed health care financing and organisation system consisting of a statutory compulsory health insurance, budget allocations and direct payments of patients. The major financing source is the compulsory health insurance, which in 2011 has increased by 2% compared to 2010 (LTL 4,690 million in 2010 and LTL 4,788 million - in 2011). Before 2011, the health system was organised at three levels: national, regional and local. After the reform of county councils in the mid of 2010, ten county councils were cancelled and the regional governance has been given to the boards of the regions, as a collective management body however without any administration. Regional hospitals which were under the administration of county councils were transferred to the subordination of either the municipalities or the Ministry of Health. Now, the health system is organised at two levels: national and municipal. Nevertheless, there are health care institutions which perform regional level functions and treat patients' from the entire region. The cancellation of the regional (county councils) administrations is expected to save LTL 35 million.

In 2011 the same government was in power so the major objectives of health system's reform remained very similar to 2009 and 2010: new pharmaceutical policy; reorganisation of the hospital network; reform of budgetary health institutions; maintaining the same level of funding for public health and health care during the financial and economic crisis.

The major challenge for the country in 2011 was to assure economic and financial stability. The financing of the health system has not been changed considerably nor were health care coverage, benefit package and co-payments changed. Nevertheless, the patients began to complain that those official payments in the hospitals are too big and intransparent. Private sector's expenses in 2009 and 2010 remained the same – 2% of GDP level, which was LTL 1883,4 million in 2009 and LTL 1857,6 million in 2010. Private expenses comprise 27.8% of all general expenses for health.[22] As the percentage of GDP spent for health care was reduced from 7.6% in 2009 to 7% in 2010 (by LTL 256,8 million), the public sector's financing was reduced from LTL 5 billion in 2009 to LTL 4,8 billion in 2010. Private practice has its role in the system: there are two and a half thousand private health care institutions, mostly for dental, primary health care, rehabilitation, and emergency care. In 2010 and 2011 its number has remained stable.

During the crisis in 2009 as the fell down by 18% the governmental consolidation programme has had a significant impact on all sectors including health care. The health system budget was

[22] Database of the Lithuanian Department of Statistics 2012**:** http://db1.stat.gov.lt, retrieved on January 15 th, 2012.

reduced by 6.3% in 2009 and by 3.7% in 2010.[23] In 2011 health care financing from SHIF was improved by 2% compared to 2010. Restructuration of health care institutions, especially hospitals in the rural areas as well as public health institutions and certain measures to reduce pharmaceutical prices were implemented during this period of financial-economic crisis.

2.3.2 Debates and political discourse

In 2011, due to the changes of hospital structure, especially in rural area major debates on this issue took place in the media and in the parliament. The Plan of Measures for Implementation of the Third Stage of the Restructuring of Health Care Institutions and Services has been approved by the Order No. V-1114 of the Minister of Health of the Republic of Lithuania in 2009.[24] The goals of this reform were: improving the quality of treatment and patient safety; strengthening the primary health care and outpatient level of care by transferring funds and professionals from the in-patient level to the outpatient one; efficient use of existing resources by introducing 3 levels of hospitals - district, regional and national (so called RRR reform); optimising the network of health care institutions. Special criteria for funding 3 levels of hospitals were agreed upon. Only in case a district hospital tends to have annually over 300 childbirths and over 660 major surgeries (major surgeries list was approved) it can perform surgery and obstetrics. If the district hospital doesn‘t have as many patients, only departments for general therapy and nursing (long term care) as well as ambulatory care including day surgery, ambulatory rehabilitation and ambulatory secondary level specialists (cardiologist, neurologist, gynaecologists, etc.) will be financed. Regional hospitals must meet two basic criteria: to perform annually more than 1100 major surgeries and more than 300 childbirths and national level hospitals have to provide multidisciplinary and tertiary care. The principles of the hospital reform have been set by integrating mono-profile hospitals into multi-profile ones, merging geographically proximate institutions and building a proper network of hospitals - 2 university research and treatment centres, 8 national level hospitals, 9 regional level hospitals, 38 district level hospitals (including 12 with a surgery and obstetrics unit and 10 with a surgery unit).

The second aspect of the debates was the pharmaceutical policy. The Plan of Instruments for the Improvement of Accessibility of Pharmaceutical Products and Reduction of Prices was designed and approved by the Order No. V-572 of the Minister of Health of the Republic of Lithuania as of 10 July, 2010.[25] The Plan with 28 measures covered all issues pertaining to production, sale and prescription of pharmaceutical products and involved all actors of the pharmaceutical market. Legal acts were introduced in relation to pharmaceutical activities in pharmacies in order to ensure rational consumption of pharmaceutical products and improve the quality of pharmaceutical service; also, for reimbursement and price formation pertaining to reimbursable pharmaceutical products and reimbursable medical aids; supply of pharmaceuticals to the market, giving special attention to the regulation of progressive therapy and improvement of conditions for issuance of marketing authorisations as well as simplified registration procedures. The procedure of grouping pharmaceutical products has been amended, providing the possibility to group products bearing a different generic name but of similar therapeutic effect. Besides, a new procedure of estimating prices for generic pharmaceutical products has been established. The price criteria were validated for medications to be included into the group comprised of generic name bearing pharmaceutical products produced by more than three manufacturers. The

[23] Data of Health information centre of Hygiene institute http://sic.hi.lt/html/sv_statistika.htm, retrieved on 15 th January, 2012.

[24] Ministry of Health of the Republic of Lithuania, Operating Report for 2009: http://www.sam.lt/go.php/sveikatos_prieziuros_reforma, retrieved on January20 th, 2012.

[25] Plan of Instruments for Improvement of Accessibility of Pharmaceutical Products and Reduction of Prices, Order No. V-572 of the Minister of Health of the Republic of Lithuania as of 10 July 2010, http://www.sam.lt/go.php/sveikatos_prieziuros_reforma, retrieved on January 20, 2012.

procedure of estimating basic prices for parallel imported pharmaceutical products was introduced. The information about the pharmaceutical products to the population was improved both in drug stores and on the web page of the State Medicines Control Agency.[26] The selling procedure in the drug stores was changed by introducing a client monitor making, all prices of available medications accessible to clients. All those changes required a lot of administrative and technical work as well as efforts made by the media in order to explain the value and benefit of those decisions to the public.

The other topics of the debate were related to the reform of institutions subordinated to the Ministry of Health. The reform of public health institutions on reviewing institutional functions and making structural changes by merging institutions has been discussed and performed. The discussion about financing of health care institutions also involved the personnel of health care institutions as well as decision makers. DRG financing has been started since 1 January, 2012. The six prophylactic health programmes (children's teeth (molar) sealing services, prevention of oncological diseases (cervical cancer, breast, prostate, colon cancer, etc.), prevention of cardiovascular diseases and diabetes) financed by the SHIF budget since 2005 have been evaluated. The discussion on how to improve the organisation and population's coverage by those programmes and how to motivate people to participate in prophylactic screenings, took place in the Ministry of Health and State Sickness Fund.

Discussions on the quality of performance of health care institutions and inequity in health care personnel, especially doctors, were arising periodically in the conferences and the media. Territorial inequalities in allocation of physicians per 10 thousand of population remain at the same level since ten years. The Ministry of Health carried out a scientific analysis of needs and workload of the health personnel[27] showing that the planning and distribution of personnel due to the ageing of doctors in health care institutions, migration, planning numbers of students and unequal distribution among the territories is a big problem that requires solution.

In 2011 the evaluation of the National Health Programme 1998-2010, accepted in the parliament in 1998, was made by the group of experts and presented to the Ministry of Health, National Health Board, Parliament and the public. The goals of the programme were to reduce mortality and increase average life expectancy of the population aged under 73, to secure equity in health and health care and to improve quality of life. It was planned to reduce differences in health and health care between various socio-economic population groups by 25% by 2010. Unfortunately, not all targets were achieved. The reason why those targets were not achieved and what can be done by other (not only health) sectors were discussed in a national debate during the last quarter of 2011. The Health Forum as a platform for the discussion among population, politicians, decision makers and medical personnel was established with the support and participation of the medical industry, universities and public institutions, as well as the National Health Board and Ministry of Health. The first round of discussions took place in Vilnius on 16 December, 2011. Among the results of the National Health Programme, the goals and expected health indicators for the next decade of the National Health Programme and the measures how to involve other sectors and the population itself to care of and improve health as a personal and public value have been also discussed (see conference webpage).[28]

The problems of inequalities of health and health care were discussed in the Baltic Health Policy Dialog, organised by the WHO in Vilnius on 4 November, 2011. High level civil servants from

[26] Webpage of State Medicines control agency: http://www.vvkt.lt/index.php?3273315338, retrieved on January 15, 2012.
[27] Webpage of MoH, http://www.sam.lt/go.php/lit/Medicinos_personalo_skaiciaus_poreikio_i/1185, retrieved on 22 January, 2012.
[28] Health Forum webpage: http://www.sveikatosforumas.org/en, retrieved on 17 January, 2012.

three Baltic States: Estonia, Latvia and Lithuania exchanged their views and experiences on how to reduce these inequalities. This topic will be the major target the Lithuanian National Health Programme, which is expected to be accepted in Parliament in 2012.

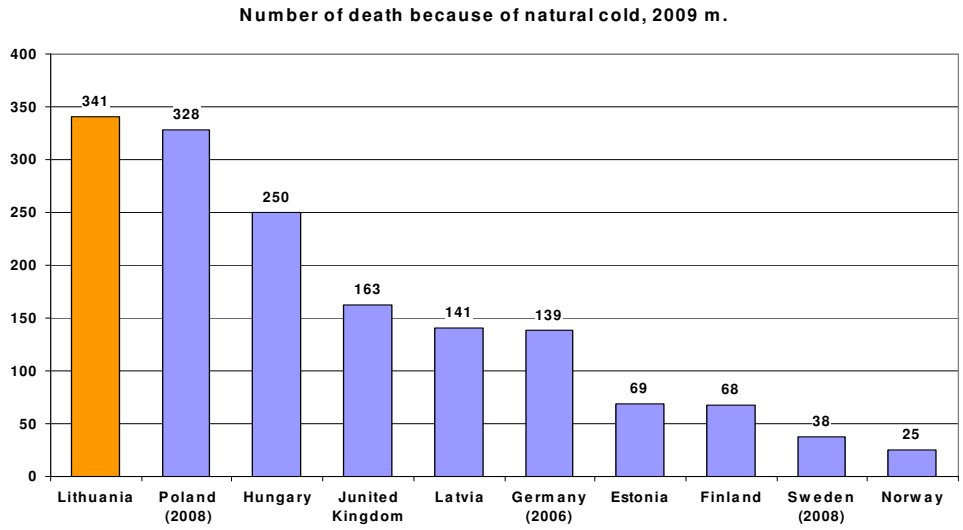
2.3.3 Impact of EU social policies on the national level

Social OMC still don't have very much impact on the policy of health and health care in the country. The ideas of the social OMC on social inclusion, child poverty and child well-being, and the reform of pension systems are more related with the activities and responsibilities of the Ministry of Social Affairs and Labour and therefor reflected in various policy documents. The website of the Ministry of Social Affairs and Labour has a special section related to social integration. In 2011 the Ministry of Health paid more attention to the evaluation of access to health care, addressing health inequalities and the development of the indicator for healthy life years, ensuring quality of health services and long term sustainability of health.[29]

On 10 February, 2011 the Ministry of Health has approved special requirements for geriatric services and basic prices compensated by the SHIF. This measure has been taken with regard the ageing of the population. It allows elderly people with geriatric problems to receive more and specialised health services.

As the National Health Programme was evaluated, all health and social indicators related to health were under discussion, too. For example, it was observed that more than 300 people die every year in Lithuania due to the natural cold. Compared to the countries with a similar climate this number is too high (see Graph 5) and measures to solve this problem are drafted in the next National Health Programme.

Graph 5: Deaths due to intensive natural cold (international comparison)



Source: Report of evaluation of Lithuanian National health programme, MoH, 2011.

A direct relation between the unemployment and the suicide rates in the recent ten years has been detected.[30]

[29] Report of the National surveys results to the Ministry of health "Evaluation of quality and access of health care servicies in Lithuania by opinion patients and health care providers". Social information centre, January 23 rd, 2012. http://www.sam.lt/go.php/lit/Pacientu_ir_sveikatos_prieziuros_paslaug/1184.

[30] Report of evaluation of National health program, MoH, 2011. http://www.sam.lt/go.php/lit/Sveikatos_sistemos_reformu_analize_placi/1186, retrieved on January 28, 2012.

2.3.4 Impact assessment

1. Restructuring of health care institutions

During the reform of the third stage of restructuring of health care institutions the institutions were not closed, but reorganised mostly by merging: the number of health care institutions (legal entities) decreased by 19, more than 70 different services (for example surgery, obstetrics, neurology, psychiatry, cardiology, etc.) are no longer offered by some hospitals; numbers of hospital beds[31] were decreased compared to 2009 in the national level hospitals by 0.8 % (-71), by regional level hospitals – 2.2 % (-49), by district level hospitals – 4.7 % (-257). Even though some departments in rural hospitals have been closed, the number of services offered has increased by 2-3%, especially in the ambulatory health care. The reaction and satisfaction of the population was not very positive and this reflected on the debates in the parliament and the media. Official evaluation of this reform is planned in 2012.

2. Accessibility of Pharmaceutical Products and Reduction of Prices.

Due to the changes in the policy of pharmaceutical products, the number of prescriptions for reimbursable medicines and medical devices was not changed significantly, but the price per prescription decreased from LTL 61 in 2009 to LTL 53 in 2011. The budget of the State Health Insurance Fund (SHIF) has decreased to LTL 653 million in 2011 compared to LTL 748 million in 2009. The Ministry of Health has reported, that from 2009 to 2011 the average prescription price has decreased by about 13% and the average co-payment for prescription has decreased from LTL 18.8 to 12.97 (31%). The SHIF budget has saved about LTL 65 million on reimbursable medicines and medical devices and about LTL 60 million on co-payments for reimbursable medicines and medical devices. This fact gives an opportunity to start compensating new innovative drugs.

3. Institutional reform of public health sector.

7 of 19 public health institutions belonging to the Ministry of Health were reduced. During the reorganisation, 470 staff positions were disestablished. The Institution of National Public Health Service is under reorganisation. Its functions are redistributed to the Ministry of Health and other public health institutions.

4. Financing and impact of the financial economic crisis.

Due to improved financial situation and collection of taxes the SHIF situation was also improving. This allowed an increasing point value of payment for all types of personal health care services. The point value of basic prices from LTL 0.84 (established in January 2010), was increased to LTL 0.89 since October 2010. Since June 2011 the point value of basic prices for inpatient care was increased to LTL 0.92 and for primary care to LTL 0.97. The decision to increase the point value of financing has improved the financial situation of health care institutions.

2011 was the year for preparing to introduce the DRG based financing method to the hospitals payment system. The preparation of new diagnostic groups and calculation of new prices for hospitals was under discussion throughout 2011 and legal acts for organising such financing system were prepared. The DRG financing was started since 1 January, 2012.

Even though the six preventive programmes aiming to detect diseases in early stages don't cover the whole population, the evaluation of the programmes has shown very positive results. The mortality and morbidity rate caused by cardiovascular diseases, cervical cancer and breast cancer

[31] including beds for nursing, rehabilitation and long term care services.

was improving. In many cases diseases have been diagnosed in early stages and treated successfully.

During the financial and economic crisis the National Health Account of health was LTL 6931.5 million and it constituted 7.6% of GDP in 2009 (5.5% of GDP - public expenditures and 2.0%– private) (Table 2.3.4.). In comparison - in 2010 the National Health Account amounted to LTL 6,675 million and it made 7% of GDP (5.1% public and 2.0% private expenditures).[32] This decrease was due to the general drop of GDP in 2009 and 2010. Private expenditures for health care have increased during the crisis.

Table 8: Health expenditures in Lithuania during 2004-2010 according National health account

Expenditures	2004	2005	2006	2007	2008	2009	2010
Health expenditures as % of GDP	5.7	5.9	6.3	6.3	6.6	7.6	7.0
Private sector expenditures as % of GDP	1.8	1.9	1.9	1.7	1.8	2.0	2.0
Public sector expenditures as % as GDP	3.9	4.0	4.4	4.6	4.8	5.5	5.1
Total health expenditures million LTL	3574,1	4224,2	5156,7	6175,9	7395,9	6932,4	6675,6

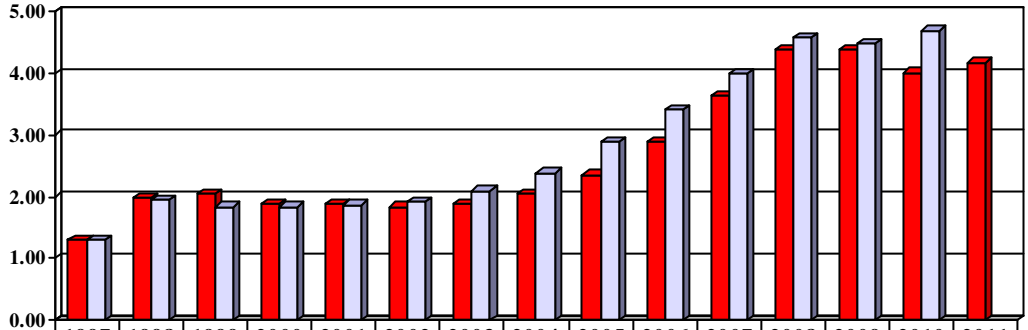
Source: Department of Statistics of Lithuania database

In 2010 the revenues of the SHIF were LTL 4690,248 million or EUR 1358 million (LTL 330 million were kept in the reserve fund and LTL 355 million more than originally planned were received) (Table 8).[33] In 2011 the planned SHIF budget was at 4% and received 2% more than in 2010.

Illegal payments remain one of the major problems of the health care system in Lithuania. The majority of illegal payments are offered to specialists or prior to surgeries, giving the patient the impression that these ensure a "better treatment".[34]

[32] Department of Statistics of Lithuania database http://db1.stat.gov.lt/statbank/default.asp?w=1024, retrieved on 15 January, 2012.
[33] Information of State health insurance fund, 2011. http://www.vlk.lt/vlk/pr/?page=item&kat_id=1&date=2011-04-13&item_id=1876, retrieved on 15 January, 2012.
[34] Opinion of Lithuanian population about compulsory health insurance system, activities of sickness fund and health care institutions in 2009 and 2010. Report to State sickness fund, 2011. http://www.vlk.lt/vlk/pr/?page=item&kat_id=1&date=2011-03-23&item_id=1867.

Graph 6: Revenues of the State Health Insurance Fund budget in 1997-2011



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues (planned)	1.30	1.99	2.05	1.88	1.89	1.83	1.89	2.05	2.36	2.89	3.64	4.39	4.39	4.01	4.17
Revenues (actual) in billions LTL	1.31	1.94	1.83	1.83	1.87	1.92	2.10	2.39	2.89	3.41	4	4.58	4.47	4.69	4,79

Source: State health insurance fund, 2011, http://www.vlk.lt/vlk/files/2011/veikla/2010_VLK_veiklos_ataskaita.pdf

5. Accessibility to health care and quality as social determinants affecting the health status have been analysed by the national surveys on the opinion of population. The surveys in 2010 and 2011 showed that the most problematic issue in the health care organisation is access to health care: waiting times for a family doctor and specialised care are too long, patients require more doctors' time and attention to their specific problem, there are local inequalities in the time of receiving emergency services.[35] In 2011 the patients of the regions, where inpatient care was reorganised during the third stage of restructuring plan of the Ministry of Health, evaluated health quality and especially access to inpatient care not significantly worse than in 2010. However they have mentioned the need to increase ambulatory health care and health care providers on their side pointed out the increase in workload.

According to the data of the Ministry of Health, the emigration of specialists is a problem in the country, but still doesn't affect very much the quality and access to health care. 1.14% of all registered nurses, 2.38% of all doctors and 3.26% of registered dentists have declared their departure to work abroad.[36]

6. The evaluation of the National Health Programme showed that not all targets were achieved. The results were not very positive (see Graph 7). Only targets of increasing average life expectancy, reducing infant mortality and reducing tuberculosis were achieved. The results of mortality through noncommunicable diseases - cardiovascular diseases, traumas (especially suicide rate), oncological diseases and mental health - are the major problems which the health system cannot improve by own efforts.

The average life expectancy, the difference between male and female life expectancy and many other health statistics of the Lithuanian population are among the worst in the European Union. The Lithuanian society is ageing rapidly - at the beginning of this year, every fifth inhabitant was at least 60 years old. The average life expectancy is one of the lowest in the EU, but has been improving throughout the last three years (see Graph 8). This improvement is associated with successful policies for alcohol related illnesses and prevention of traumas.

[35] Report of the National surveys results to the Ministry of health "Evaluation of quality and access of health care servicies in Lithuania by opinion patients and health care providers". Social information centre, January 23 rd, 2012. http://www.sam.lt/go.php/lit/Pacientu_ir_sveikatos_prieziuros_paslaug/1184.

[36] Data of the MoH. Jonas Bartlingas. (Chief of the department of human resources in the MoH Lithuania), 2012.

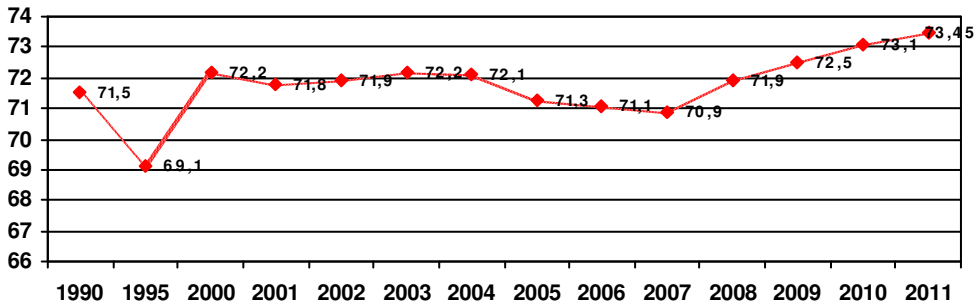
Graph 7: Results of Lithuanian National health programme, an overview of basic health indicators of the targets

Aim	Result (2010 or 2009)
Increase Life expectancy at birth up to 73 years	73.45 (2010)
Reduce death rated due accidents and unintentional injuries by 30%	<25%
Reduce death rates due cardiovascular diseases of population under 65 by 15%	<5.6%
Reduce death rates due cancer of population under 65 by 15%	<13%
Reduce infant mortality rate by 30%	< 60%
Reduce suicide rate up to 25/100.000	31.5
Reduce death rates due to ischaemic heart disease of populatiion under 65 by 15%	<11.8
Reduce TBC incidence by 30%	<30%
Reduce death rate due breast cancer by 15%	<5.8
Reduce incidence of cervical cancer by 15%	
Reduce death rates due lung cancer in men by 15%	<13%

- achieved - partly achieved - unachieved

Source: Ministry of health 2011.

Graph 8: Average life expectancy in Lithuania in 1990-2011.



Source: Report of evaluation of National health programme, 2011, MoH.

Life expectancy and causes of death considered amenable show, that these are more related with public health challenges than with health care access.

High rates of alcohol consumption are one of the reasons for poor public health indicators. The analysis of lost earnings using the average salary in Lithuania accounts to around LTL 33 million in 2008 alone, and until the retirement individuals who died in 2008 would be earning more than LTL 321 million.[37]

According to the survey of special Eurobarometer 378 in 2011, 71% of Europeans and only 62% of Lithuanians are satisfied with their health.[38]

[37] Aurelijus Veryga, Mindaugas Stelemekas Potential years of life lost due to wholly alcohol attributable conditions in Lithuania 2003-2009. Web page of National Coalision of tabacco and alcohol control http://koalicija.org/serveris/Metod_liter/Wholly%20alcohol%20attributable%20mortality%20in%20Lithuania%202011.08.02.pdf, retrieved January 23, 2012.

[38] Special Eurobarometer 378, Active aging, European Commission, 2011 http://ec.europa.eu/public_opinion/archives/ebs/ebs_378_en.pdf.

2.3.5 Critical assessment of reforms, discussions and research carried out

A number of positive as well as some negative aspects should be mentioned assessing the efficiency, appropriateness and impact of reforms and the developments in relation to the objectives agreed in the OMC and the Europe 2020 agenda.

The restructuring of health care institutions, efforts to balance the health insurance budget and measures to reduce the prices of pharmaceuticals, as well as the financing of prophylactic health programmes should be mentioned as positive aspects achieved in 2011. The political decisions and measures of the recent three years were successful in alcohol and traffic accidents control. It allowed to increase average life expectancy and to reach the goal of the National Health Programme's target. The mother and child health programme, which was greatly supported by the government of Switzerland, allowed to reduce infant mortality till the average rate level of EU by providing thee levels qualitative health care to pregnant women and newborns. Financial and economic crisis didn't effect health care institutions very much, because the reduction of financing was not very significant and the restructuring measures were taken in due time.

Nevertheless, the most problematic issues in the health of the population and health sector are the public health primary prevention problems related to the healthy lifestyle of the population and work of other than health care sector institutions as well as involving the population to care about their health themselves. Involving other sectors in health promotion, promoting healthy lifestyle and protecting people from unhealthy environment as well as reducing inequalities are the major goals of the new National Health Programme. Health care access in terms of organisation of health care is also on the agenda. Long waiting times at the family doctor or for specialised care, patients' requirement of increased doctors' time and attention to their specific problems, existing local inequalities in access of emergency services, as well as illegal payments to the medical staff are all aspects to be discussed prior to preparing new plans.

2.4 Long-term Care

2.4.1 The system's characteristics and reforms

Social OMC process introduced the 'long-term care' concept into Lithuanian legislation. It did not exist before as medical and social services are perceived and administrated as entirely separate fields. But still there is no single definition of the 'long-term care' concept in Lithuania yet. In Lithuania, services of long-term care are organised through social services and the system of health care.

Current status of organisation and institutional responsibilities for long-term care, long-term care financing, management and service provision also benefits were not changed in 2011. As the system of long-term care is provided and financed through the State Health Insurance Fund by health insurance and by municipalities (in this case, the Ministry of Social Security and Labour acts as the policy body). In case of inpatient care, the health services finance long-term stays amounting up to 120 days. TB, mental health, palliative care and rehabilitation patients are financed by the SHIF.

78705 inpatient nursing and support services in the nursing hospitals was provided in 2011. 4614 inpatient beds are allocated for long-term care in Lithuania in health care sector in 2010 (data for 2011 is not available). In addition, long-term residential care is provided in residential homes or other institutions for people with long-term care needs.

The last three years saw the increase in nursing and long-term care beds as well as rehabilitation (Table 9).

The system of long-term care in Lithuania remained unchanged in 2011.

Table 9: Long-term care beds in the Lithuanian health care system during 2008-2010

Indicator	2008		2009		2010	
	Long-term care beds	Hospital beds	Long-term care beds	Hospital beds	Long-term care beds	Hospital beds
Nursing long-term care	4400	30765	4436	31020	4614	32141
Out of which palliative care	26	67	43	247	96	600
Rehabilitation	1290	16175	1320	15647	1378	17333
TB	1267	5720	1231	5510	1150	4966
Mental health	3453	39530	3409	37436	3303	37618

Source: Health Information Centre of the Hygiene Institute, 2012.

According to the data of the national health accounts nursing and residential care financing in Lithuania stayed at the same level in 2009 and 2010.

Table 10: Nursing and residential services financing in Lithuania during 2004-2010 according National health account

Expenditures	2004	2005	2006	2007	2008	2009	2010
Nursing expenditures as % as GDP	1,8	1,70	1,4	1,3	1,4	1,6	1,6
Total health expenditures for nursing, million LTL	62,9	72,3	69,8	82,8	104,4	107,9	107,4

Source: Department of Statistics of Lithuania database

Austerity programmes in health care haven't affected very much the long-term care for elderly. Financing stayed at the same level (see Table 10).

Provision of home nursing services commenced for people with special needs in 2011. They were funded from the SHIF. Furthermore, the scope of palliative care provision was extended and a new service — long-term home medical rehabilitation — was continued.

2.4.2 Debates and political discourse

Under the Madrid International Plan of action on ageing (MIPAA) and its regional implementation strategy[39], the Ministry of health and Ministry of Social affairs produces reports about the progress. From the year 2008 nursing services at home as a new service financed from SHIF was introduced. 261710 services were provided in 2011. Persons with special nursing needs are receiving it. Also palliative care services were introduced. 28 thousand services were provided and covered by SHIF in 2011. There are plans till 2013 to establish 180 beds for palliative care.

On 10th of February 2011 Ministry of Health has approved the special requirements for geriatric services. This allowed getting more and specialised inpatient health services for elderly people over 60 years of age with geriatric problems. Since 2005 outpatient rehabilitation services were increased by 30 percent by implementing special projects of Structural Funds and establishing special departments for ambulatory rehabilitation.

[39] Madrid International Plan of action on aging http://www.un.org/ageing/documents/building_natl_capacity/guiding.pdf, retrieved January on 29 th, 2012.

The Action plan of implementation of national strategy of overcoming impact of ageing of population 2005-2013[40] was accepted in 2005 in Lithuania and was under implementation in 2011.

Strategic document "Outline of further health system development till 2015", which was accepted by Lithuanian Government on 26th January 2011[41] covered long term care nursing too. The vision of the nursing system and means how to achieve the goals is described in this document. Restructuring of health care institutions by reducing acute hospital based care in small towns were on the discussion of political agenda. Long term care beds were not reduced in 2011. 92 additional nursing beds are planned to be established till 2013.

2.4.3 Impact of EU social policies on the national level

As it was mentioned before, Social OMC process introduced the 'long-term care' concept into Lithuanian legislation. Also EU 2020 strategy impacted on long-term care reform asking to think which indicators to use and how to achieve them in the long term plans.

In the health and long-term care strand, some conceptual developments regarding access to health care and long-term care can be seen as attributable to the Social OMC influence. Ageing of the population both in terms of labour force and in terms of growing of health care needs is a concern in the National Reform Programme in Lithuania.

2.4.4 Impact assessment

In the last years of the health reform in Lithuania inpatient beds were reduced, 377 of which during the 3rd stage of the health institutions restructuring. As the majority of users of health care sector are elderly people, it is very important to know how these changes on the access of inpatient care impacted them.

In 2010 and 2011 the National survey of patients and health care providers showed that elderly people are more concerned about the access to inpatient health care than the rest of the population. Answering to the question "What changes in the access of health care do you notice in the last 2 years?", 20% of elderly (over 65) mentioned the difficulties concerning the reduced access to the hospital based care and 26% - the difficulties to access specialised ambulatory care. The longitudinal study in 2011 showed that the population is more bearing with reform changes reducing inpatient care, but requires more attention to the development of primary and specialised ambulatory care.[42]

Accessibility to medications among the elderly is a source of concern in Lithuania and beyond. A total of 624 filled-in questionnaires from the elderly aged 60–84 years living in Kaunas (Lithuania) were evaluated in 2011. This study has revealed that one-third of the elderly refrained from buying prescribed medications, and the main reasons for this were financial problems and disappearance of health problems.[43]

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[40] National strategy on overcoming impact of aging of population 2005-2013. Action plan of implementation. Government decree Jan 5th, 2005, No.5 (Žin. ,2005. Nr. 5-112) http://www.litlex.lt/scripts/sarasas2.dll?Tekstas=1&Id=80447.

[41] Outline of further health system development till 2015", accepted by Lithuanian Government on 26 th January 2011. http://jga.lt/uploads/studijos/Tolesnes_sveikatos_sistemos_pletros_2008_2015_.pdf.

[42] Report of the National survey results to the Ministry of health "Evaluation of quality and access of health care servicies in Lithuania by opinion patients and health care providers". Social information centre, February 21st, 2011 and January 23 rd 2012 http://www.sam.lt/go.php/lit/Pacientu_ir_sveikatos_prieziuros_paslaug/1184.

[43] Stankuniene, Aurima, Radziunas, Raimondas, Stankunas, Mindaugas, Soares, Joaquim F. J., Baranauskas, Algirdas, Ioanidi- Kapolou, Elisabeth, Barros, Henrique, LamuraA, Giovanni, Lindert, Jutta, Torress- Gonzales, Francisco. Causes of Refraining From Buying Prescribed Medications Among the Elderly in Kaunas, Lithuania

During the financial and economic crisis neither long term care facilities, nor its financing were reduced in the country.

Long-term care services in social care homes for elderly and disabled are partly paid by the patients themselves. As a rule, not more than 80% of patients' income can be taken as payment. This percentage increases in the case if the patients' means are above the normative. In most cases the difference is covered by the state and local budgets.

The needs for long term care due to the ageing of the population are growing. After reducing acute care beds, more burden should fall on outpatient and inpatient long term care.

The satisfaction of the Lithuanian population with life is less positive than the average in Europe (77-78% of European citizens are satisfied with life). During the financial and economic crisis the percentage of the population satisfied with life dropped from 60% in 2008 to 50% in spring 2010. However, in autumn 2010 the overall satisfaction in Lithuania has increased from 50 to 56%.[44] According to the survey of special Eurobarometer 378 in 2011 73% of Europeans and only 65% of Lithuanians were satisfied with their life. Perceptions towards older people in Lithuania do not differ much from average Europeans: perception to be old is at 65 (average EU 27- 64), perception not to be young is even higher - 47 years (average EU27-42).[45] But the opinion and attitudes towards older people is not so good. Overall, the majority of EU citizens believe that people aged over 55 are perceived positively. Six out of ten believe that they are perceived positively (61%); but only 52% of Lithuanians have positive attitude towards those people.

2.4.5 Critical assessment of reforms, discussions and research carried out

Long term care and ageing of the population is a challenge in Lithuania. The respondents of the Special Eurobarometer survey "Active ageing" have even pointed out the necessity to be more active in local communities and families. Passive waiting, dissatisfaction with life and demanding from the government to take care of all kinds of problems is a big concern in the country. Nevertheless, low pensions and social reform problems together with the tension to consolidate public finances are the most urgent problems requiring solutions.

According to the national survey of patients carried out by Social information centre in 2010 and 2011, elderly people over 65 have evaluated changes in the quality and access of provided health services not as negatively as expected.[46] Main field of concern in terms of health reform and restructuring of health care institutions is not the access to inpatient care, but rather the outpatient specialist's services, seen by one fifth of the elderly as having deteriorated more.

Medicina (Kaunas) 2011; 47 (5): 291-296, http://medicina.kmu.lt/1105/1105-07e.pdf, retrieved on January 29th, 2012.

[44] Standard Eurobarometer 74 / Autumn 2010 Public opinion in the European Union - autumn 2010 http://ec.europa.eu/public_opinion/archives/eb/eb74/eb74_publ_en.pdf.

[45] Special Eurobarometer 378, Active aging, European Commission, 2011 http://ec.europa.eu/public_opinion/archives/ebs/ebs_378_en.pdf.

[46] Report of the National survey results to the Ministry of health "Evaluation of quality and access of health care servicies in Lithuania by opinion patients and health care providers". Social information centre, February 21st, 2011 and January 23 rd 2012.

2.5 The role of social protection in promoting active ageing

2.5.1 Employment

The aim to increase employment of older people is declared in the *Guidelines* as a need to "create the incentives to work longer, to achieve higher employment rate of older women and men" (p.II-6). This aim has also been pursuit in the Lithuanian commitments taken under Regional Implementation Strategy (RIS) of the Madrid International Plan of Action on Ageing (MIPAA).

In last years Lithuania had a relatively high employment rate of persons aged 55-64. In 2010 it was 48.6% exceeding the EU average of 46.3%. Before the crisis, it exceeded the EU average even more (see Table 11).

Table 11: Employment by age

Number of employed	2007	2008	2009	2010
Employed aged 15-64 (thousand)	1534.2	1520.0	1415.9	1319.6
Employed aged 55-64 (thousand)	188.0	185.8	180.3	171.4
Employed aged 65+ (thousand)	28.4	29.8	28.3	24.1
Employment rate				
Employment aged 15-64 (per cent)	64.9	64.3	60.1	57.8
Employment rate aged 55-64 (per cent)	53.4	53.1	51.6	48.6
Employment aged 65+ (per cent)	5.4	5.6	5.3	4.5
EU 27 aged 55-64	*44.6*	*45.6*	*46.0*	*46.3*

Source: Labour force, employment and unemployment 2010. Department of Statistics, Vilnius, 2011

The Table also shows that the rate of employment of older persons in midst of the deepest crisis in 2009 decreased less compared to the total indicator. In 2010 employment rate of older persons decreased more.

The social protection system does not create obstacles for the employment of older persons. Full pensions are paid to working persons entitled to old age or disability pension (this principle was temporary suspended in 2010-2011). Though the payment of full pensions promotes the participation of older people in the labour market, it contradicts with the understanding of a pension as a replacement of income lost due to old age. If a person is working, her/his income is not lost, so there is no reason to pay a pension to that person (or at least not the full amount). The suspension of the payment of full amount of pensions for working pensioners in 2010-2011 was based on the idea that pension insurance money should be used for those non-working retirees who have no other income rather than supporting of those who have work income. Despite the attractiveness of current solution, it seems that the pension system should be revised from this point of view and more rational combination of work and pension income should be introduced.

The Lithuanian pension system rewards longer careers. The pension supplement for each year of work above 30 years is increased by 3% of basic pension; by working and paying the contributions a person increases her/his coefficient of the earning-related part of the pension. It is also possible to suspend the right to receive a pension and to have 8% more for each year of suspension, maximum 40% more for five years of suspension. Despite the high rate of reward, this possibility is not very popular because the full pension for working person is paid.

In order to increase the opportunities for persons over 50 years to remain in the labour market or change jobs , supported employment is applied (subsidised employment, support to job acquisition skills, public works, job rotation) and the support for establishment of workplaces is

available (subsidised job placement, supported self-employment, implementation of local employment initiative projects).

The retirement age, as it was already mentioned above, is now in process of increase. No exceptions for the groups of special working conditions or health status are foreseen. However, some groups insist on earlier retirement, for example, teachers or pilots. The government disagrees with this, arguing that a shorter professional career would bring too small pension rights. On the other hand, some problems of this kind are solved by state (non-insurance based) additional pensions for police, military officers, and some groups of artists.

Collective agreements are not popular in Lithuania. The official retirement age is defined by the social security legislation. Reaching the retirement age by Labour Code is not seen as a reason to terminate labour contract. Civil servants are allowed to work until the age of 65. Above this age, every year a special personal permission to work longer should be issued, but maximum five times.

2.5.2 Participation in society

According to the survey of special Eurobarometer 378 in 2011 "Active ageing" Lithuanians, as most EU citizens, in general feel that people aged over 55 years play a major role in the key aspects of society (their families, politics and the economy).[47] But in terms of playing a major role in the community and being active in local communities Lithuanians are more passive: only 66% of respondents are answering positively compared to 70% of Europeans.

A quarter of European citizens actively participate or do some form of voluntary work for an organisation. The contribution of volunteers aged over 55 is the least recognised aspect. In the six out of ten (58%) believe that older people contribute greatly as volunteers, compared to only 28% of Lithuanians. The contribution of older people to society has much less value in Lithuania (56%), than in the EU (70%). Every second Lithuanian (52%) is concerned about the ageing of the population.[48]

According to the longitudinal survey analysing the opinion of the Lithuanian population on compulsory health insurance system, activities of sickness fund and health care institutions in 2009, 2010 and 2011, decisions in health care are not always taken according to patients' interests. Only a quarter of respondents stated that decisions always or frequently are taken according to their interests.[49] Other 30% of the respondents stated that sometimes decisions represent their interests, while 36% claim that decisions in health care are taken without their participation and not according to their interests. The trust and satisfaction with the health insurance system in Lithuania is increasing every year, being 5.9 in 2009 and 6.17 in 2011 (measured by 10 score system).

Last, but not least, it should be mentioned that the Council for the Affairs of Pensioners is acting in Lithuania. This is a collegial organisation acting on a voluntary basis with the aim to ensure effective cooperation between public and municipal institutions and non-governmental organisations representing the interests of older people by providing these people an opportunity to take part in relevant decision-making processes.

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[47] Special Eurobarometer 378, Active aging, European Commission, 2011 http://ec.europa.eu/public_opinion/archives/ebs/ebs_378_en.pdf.

[48] Special Eurobarometer 378, Active aging, European Commission, 2011 http://ec.europa.eu/public_opinion/archives/ebs/ebs_378_en.pdf.

[49] Opinion of Lithuanian population about compulsory health insurance system, activities of sickness fund and health care institutions in 2009, 2010 and 2011. Report to State sickness fund, 2011. http://www.vlk.lt/vlk/pr/?page=item&kat_id=1&date=2011-03-23&item_id=1867.

2.5.3 Healthy and autonomous living

According to the survey of special Eurobarometer 378 "Active ageing" in 2011 only 65% of Lithuanians are satisfied with their life and 64% with their living conditions (EU average is 73 and 71% accordingly).

The promotion of autonomous living of the elderly follows from RIS Commitment 7: "to strive to ensure quality of life at all ages and maintain independent living including health and well-being". This task is not easy, first of all, due to the insufficient income of elderly, especially pensions. Nevertheless, much attention is paid to social services provided at home and day centres.

According to the Report on the Follow-up to the Regional Implementation Strategy of the Madrid International Plan of Action on Ageing in Lithuania, "the priority is given to day social care in day centres or short-term respite social services by offering an older adult temporary lodging facility. One of the major tasks is to further integrate care and nursing care services for older people, and to enhance team work and interaction between the providers of health and social services. The quality of social services is ensured by bringing the services closer to an individual's permanent place of residence. Accordingly, day social care services are provided in day centres and at home.

About 85% of beneficiaries of home-based social services are older adults. The elderly attending day centres account for about 30% of all the attendants. Lithuania also has residential care institutions for old-age people, and homes for independent living. These new-type social service institutions provide housing to older adults (including the disabled), allowing them to arrange their daily life under the partial guidance of social workers. Positive trends have been identified in the dynamics of the number of beneficiaries of social services. In 2003-2010 the total number of beneficiaries of home-based services has increased by 2,8 times; the total number of attendants of day centres increased twice, whereas the number of service beneficiaries in the residential social care institutions decreased by 10%. The protection of rights is highlighted in providing social services to older adults".[50]

Support at home is provided free of charge by social workers and home helpers in the municipal social services department and is financed through the social support benefit package. In this extend the team of family doctors in primary health care has to contact social service department and to recommend support services due to health problems. The family receives the social support benefit if there is a need to take care about a handicapped family member. A political priority to provide support for home care as opposed to institutional care was given since 2008. Nursing services at home as a new service financed from the SHIF was introduced. 261,710 of such services for persons with special nursing needs were provided in 2011. The need for these services is growing.

Five health prevention programmes financed thought the SHIF were introduced since 2004-2005: prevention of oncological diseases (cervical cancer, breast cancer, prostate cancer, colon cancer, etc.), prevention of cardiovascular diseases and diabetes. The mortality and morbidity rate caused by cardiovascular diseases, cervical cancer and breast cancer was improving. In many cases diseases have been diagnosed in early stages and treated successfully.

Measures to improve organisation and population's coverage by those programmes and to involve people to come for prophylactic screening have been evaluated and introduced by the Ministry of Health and State Sickness Fund in 2011.

[50] Report on the Follow-up to the Regional Implementation Strategy of the Madrid International Plan of Action on Ageing in Lithuania (draft version). Ministry of Social Security and Labour. January 2012.

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MADRID INTERNATIONAL PLAN OF ACTION ON AGEING http://www.un.org/ageing/documents/building_natl_capacity/guiding.pdf, retrieved January on 29th, 2012.

MEDAISKIS,TEODORAS (2011). Pensions at the Time of Recession. The Case of Lithuania. In: Zeitschrift fur Socialreform (Journal of Social Policy Research), 57 Jahrgang (2011), Heft 3, p.251-266. ISSN 0514-2776.

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PLAN OF IMPLEMENTATION OF THE CONCEPT OF SOCIAL INSURANCE AND PENSIONS SYSTEM REFORM. http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=401257&p_query=&p_tr2=2, retrieved on February 10, 2012.

PLAN OF INSTRUMENTS FOR IMPROVEMENT OF ACCESSIBILITY OF PHARMACEUTICAL PRODUCTS AND REDUCTION OF PRICES, Order No. V-572 of the Minister of Health of the Republic of Lithuania as of 10 July 2010, http://www.sam.lt/go.php/sveikatos_prieziuros_reforma, retrieved on January 20, 2011.

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STANKUNIENE, Aurima, RADŽIŪNAS, Raimondas, STANKŪNAS, Mindaugas , SOARES, Joaquim F. J., BARANAUSKAS, Algirdas, IOANIDI-KAPOLOU, Elisabeth, BARROS, Henrique, LAMURA, Giovanni, LINDERT, Jutta, TORRESS- GONZALES, Francisco, Causes of Refraining From Buying Prescribed Medications Among the Elderly in Kaunas, Lithuania, Medicina (Kaunas) 2011; 47 (5): 291-296, http://medicina.kmu.lt/1105/1105-07e.pdf, retrieved on January 29th, 2012.

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WEBPAGE OF MOH, http://www.sam.lt/go.php/lit/Medicinos_personalo_skaiciaus_poreikio_i/1185 , retrieved on 22 January, 2012.

WEBPAGE OF STATE MEDICINES CONTROL AGENCY: http://www.vvkt.lt/index.php?3273315338, retrieved on January 15, 2012.

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

[R1] BARTKUS Algirdas. Antros pakopos kaupiamųjų pensijų fondų poveikis makroekonomikai. Taikomoji ekonomika: sisteminiai tyrimai. 2011 T. 5, Nr. 1. ISSN, ISBN, ISMN: 1822-7996

"The Impact of Second Pillar Pension Funds on Macroeconomics"

This paper analyses the impact of second pillar pension funds on the main macroeconomic variables. It helps to identify and evaluate the negative and positive effects of second pillar pension funds on Lithuanian economy. This is one of the first scientific research attempts to evaluate the impact of pension funds on specific macroeconomic variables, searching for the answer what could have been if Lithuania had not introduced pension funds. The analysis was performed and the conclusions were drawn on the basis of dynamic econometric model (simultaneous equation model) and impact multiplier functions. The shocks, equal to direct loss of old-age pensions, were generated into the system and the numeric values of impact multipliers functions were obtained.

The evaluation of the indirect impact led to the conclusion that in the absence of pension funds, Lithuania could have experienced higher GDP and wage growth rates. Employment growth rates would have been higher only in 2004. During the next periods employment growth rates would have been even slightly lower, compared with the actual rates. The results demonstrate, that larger amount of money placed in the real economy would not have created new jobs and would not have led to higher employment. Inflation rates during the whole period of assessment would have been significantly higher, compared with the actual rates. Accelerating inflation would have reduced the real consumption opportunities of retirement pensioners and of the insured. If this would have been the case, real savings and real value of assets were about to decrease, creating huge instabilities in financial and real sectors of Lithuanian economy. After all, old age pension would have been higher only by the amount of direct losses. The main conclusion of the paper: pension funds provided an opportunity to transfer surplus money stock from the real economy into financial sector, thus helping to create more stable macroeconomic environment. Overall pension funds have had a stabilising effect on the Lithuanian economy.

[R1, R2] LAZUTKA, Romas and others. Lietuvos pensijų sistemos vystymosi ilgalaikių tendencijų bei joje numatomų pokyčių įtakos Lietuvos viešųjų finansų tvarumui tyrimo ataskaita.(2011). http://www.socmin.lt/index.php?1606775163, retrieved at 29 January 2012.

"The research report on impact of long term trends of development of Lithuanian pensions system on sustainability of Lithuanian public finances".

The study is a part of a project "Evaluation of participation of Lithuania in EU initiatives" (No VP1-4.2-VRM-05-V-01-001) implemented by Ministry of Foreign Affairs and committed by Ministry of Social Security and Labour.

The study evaluates long-run financial sustainability of pensions system in the context of demographic, economic, financial and legal context. The evaluation of Pension Reform Concept is given: possibility to introduce universal national pension is examined; improvement of pension benefits relation to contributions is evaluated from the point of view of introduction of NDC or "pension points" system; the problems of State pensions and possible reform of these pension is discussed; the idea of levying of pension insurance contributions on other social insurance benefits is examined. The whole analysis is performed in wide international context with comparison of the approaches realised in other countries. The policy recommendations are presented.

[R5] MEDAISKIS, Teodoras; BUŠKUTĖ, Inga. Effects of life courses on women's pensions. Comment paper Lithuania. Peer review 3-4 November 2011, Berlin. http://www.peer-review-social-inclusion.eu/peer-reviews/2011/effects-of-life-courses-on-women2019s-pensions, retrieved on January 30, 2012.

The paper presents Lithuanian situation on pensions gender gap issues. The main data are presented and the reasons of gender gap are discussed. The impact of economic recession on men's and women's pensions is evaluated, the policy measures in the branches like employment policy, funded pensions development, care, parental leave and unemployment crediting are proposed.

[R2, R3] MEDAISKIS, Teodoras. Pensions at the Time of Recession. The Case of Lithuania. In: Zeitschrift fur Socialreform (Journal of Social Policy Research), 57 Jahrgang (2011), Heft 3, p.251-266. ISSN 0514-2776

Lithuania suffered the second deepest recession in EU in year 2009. The recession made strong negative impact on whole social protection system and on pension system particularly. Lithuania and Latvia were only two EU states who decided to decrease pensions in 2009. This shocking decision was not in details discussed in scientific literature. One of the reasons is that the needed information is not easily available. The article intends partly to fill the gap: to explain what was done, what motives justified the decisions and what were the consequences. So the article tries to combine reporting and reflection. It seems important to point out, that as every shock, the decrease of pensions encouraged awareness of some important issues and stimulated reflections on the present and future problems, among them: legitimacy of reduction of pensions in line with fall of income of working population, short- and long-run sustainability of pensions, change of retirement age, etc. Some of these problems discussed in Lithuania are presented and discussed in the article.

[H] Health

[H5] ANIULIENĖ, Rosita; BLAŽEVIČIENĖ, Aurelija; RIKLIKIENĖ, Olga. Akušerinių paslaugų kokybė: pacientų, akušerių ginekologų ir akušerių nuomonė, Medicina (Kaunas) 2011;47(2):120-4 http://medicina.kmu.lt/1102/1102-08e.pdf

"Quality of Obstetric Services: Perspectives of Patients, Obstetricians, and Midwives"

The aim of this study was to compare the perspectives of patients and health care staff on the quality of obstetric services in an obstetric department. This study was carried out at the Department of Obstetrics, Hospital of Lithuanian University of Health Sciences, where 68

obstetricians and midwives and 334 female patients completed anonymous questionnaires. Two different versions of the questionnaire for patients and health care staff were prepared with the aim to compare the results of both groups. Patients evaluated technical quality of services significantly better than health care staff. The different perceptions of patients and health care staff about functional quality and external effectiveness of services in most aspects were insignificant.

[H2] ASTRAUSKIENĖ, Audronė; DOBROVOLSKIJ, Valerij; STUKAS, Rimantas. Narkotikų vartojimo probema Lietuvoje. Medicina (Kaunas) 2011;47(6):340-6, http://medicina.kmu.lt/1106/1106-06e.pdf

"The Prevalence of Problem Drug Use in Lithuania"

The aim of this study was to estimate and assess the prevalence of problem drug use in Lithuania.

The capture-recapture method was used to estimate the prevalence of problem drug use. For the study, the data concerning problem drug users were collected from the databases of health care and law enforcement institutions. The target group consisted of permanent users (aged 15–64 years) of heroin and other opioids and/or a combination of drugs.

The study showed one of the lowest prevalence of problem drug use in Lithuania as in Germany, the Netherlands, Greece, and Cyprus. In 2005–2007, problem drug users were mainly young men of employable age in Lithuania

[H1] ČERNIAUSKAS Gediminas. Sveikatinimo plėtros prognozavimas naudojant sveikatinimo veiksnių ir konvergencijos modelius. Sveikatos politika ir valdymas, 2011, Vol 3, P.27-36

"Forecasting the development of health promotion using models of health factors and patterns of convergence"

Health services as well as life styles, physical and social environment are considered as determinants of health. Basic econometric models such as production function may be used for quantification of interaction between these determinants. The paper provides in signs regarding preconditions to use econometric techniques in the research of public health topics. The convergence model based on assumption regarding health policies in EU countries coming closer is an additional tool to analyse complexity of health related issues and is recommended to use.

[H2] CICĖNIENĖ, Vilė; PAUSKIENĖ, Kotryna; TRAKIENĖ, Aurelija. Dauginės mirties priežastys Lietuvoje 2010 m. Public health 2011 No 4, P. 47-55. http://www.hi.lt/images/Sveikata_4(55).pdf

"Multiple causes of death in Lithuania, 2010"

The aim of the study was to evaluate the proportion between underlying cause of death and multiple causes of death for the deaths cases occurred in 2010. The State Register of Death Cases and Their Causes started collecting multiple causes of death data in January 2010. All causes of death mentioned on a medical death certificate were coded according to the International Statistical Classification of Diseases and Related Health Problems, Tenth revision (ICD-10) and underlying cause of death was selected. 42271 medical death certificates issued in 2010 were investigated. All causes of death mentioned on a medical death certificate: the underlying cause of death, complications, contributing causes were analysed. Multiple causes of death data is counts of the number of different causes reported on the medical death certificate per death. Circulatory system diseases, malignant neoplasm, external causes of death were specified as the underlying cause of death 79,9 %, 90,5 % and 92,9 % respectively of times they were mentioned. Ischaemic heart disease was identified as underlying cause more than 72, 5 % of the times it was mentioned.

[H2] EVERATT, Rūta; KUZMICKIENE, Irena; SENULIS, Andrius. Rūkymas ir sergamumas plaučių vėžiu Lietuvoje. Medicina (Kaunas) 2011; 47(4):222-9. http://medicina.kmu.lt/1104/1104-06l.htm.

"Cigarette Smoking and Trends in Lung Cancer Incidence in Lithuania: An Analysis by Histological Type"

The aim of this study was to investigate time trends of lung cancer incidence by histological type in Lithuania during the period from 1996 to 2005. The results were evaluated in relation to tobacco smoking trends. The incidence rates of the most common lung cancer cell types (squamous cell carcinoma, adenocarcinoma, small cell carcinoma, other types, and morphologically not specified cases) were studied using data from the Lithuanian Cancer Registry. The world standard population was used for age adjustment. Data on tobacco smoking in Lithuania were obtained from various published sources. The decreasing squamous cell carcinoma rates among men and increasing adenocarcinoma rates among men and women are similar to those reported in other European countries and may be due to a shift from nonfilter type cigarettes to filter type.

[H4] JANKAUSKIENĖ, Danguolė. Sveikatos politikos vertybės ir iššūkiai artimiausiame dešimtmetyje. Sveikatos politika ir valdymas, 2011, Vol 3. P.7-26

"Health policy values and challenges in the next decade"

The aim of the article is to highlight health care policy values and challenges today, according to – international health care policy legal acts. The article covers and discusses main EU and World Health Organisation documents together with Lithuanian health care policy documents: "Health for all in the XXI century", "European Public Health Strategy", the white book "Together for Health, 2008-2013 EU Strategic Approach", strategy in preparation "Health 2020", "Lithuanian health system development framework for 2011-2020", approved by Lithuanian Parliament Seimas. Summarising the fundamental values declared in health policy documents, it is suggested that the new Lithuanian Health Care Programme should focus on the following: Human and patients' rights, co-responsibility for health, equal opportunities and justice of health relations, social inclusion and equality, and evidence-based decisions. Health improvement goals have to become the strategic population development goals in the next decade. These goals have to be orientated not only to the development of health care system, but also to the healthy lifestyle and the development of healthy environment, that are influenced by the activity of not health but other sectors, and especially the inhabitants themselves.

[H4] KALIATKAITĖ, Justina; JASIUKEVIČIŪTĖ, Toma; BULOTAITĖ, Laima; PAJARSKIENĖ, Birutė; JANKAUSKAS, Remigijus.Slaugytojų psichosocialinė darbo aplinka ir sveikata restruktūrizuojamose ligoninėse, Public health, 2011, No 2(53), P. 11-20, http://www.hi.lt/images/Sveikata_2(53)-maketas.pdf

"Hospital restructuring: psychosocial work environment and health of nurses"

Hospital restructuring is a long-term process of changes. Psychosocial factors of nurses' work environment, such as job demands, job control and social support, intensifies during the process of changes' implementation. In a process of restructuring specific psychosocial factors of nurses' work environment occur. These are procedural justice, job insecurity, changing roles and responsibilities. Causal relations between psychosocial work environment factors and ill health are complicated to determine. This notwithstanding according to scientific data changing psychosocial work environment factors are linked with higher risk of nurses' physical health and psychological wellbeing deterioration and intensification of health damaging behavior. Theoretical and empirical data about impact of health care institutions restructuring process on nurses' health are reviewed in this article. Specific to hospital restructuring psychosocial factors

of nurses work environment are analysed and described in relation with nurses' ill health and health damaging behavior. The health of hospital as organisational unit is also characterised.

[H4] KANAPECKIENĖ, Virginija; JURKUVĖNAS, Vytautas. Pacientų požiūrio į nepageidautinus įvykius ir jų priežastis Lietuvos asmens sveikatos priežiūros įstaigose vertinimas. Public health, 2011, 3(54) P 51-62 http://www.hi.lt/images/Sveikata_3(54)_VISAS.pdf

"Evaluation of patient's attitude on adverse events and their causes in Lithuanians health care"

The aim of the study was to evaluate the patient's attitude on adverse events and their causes in Lithuanian health care. The descriptive epidemiological study was performed during 2008 in 22 randomly selected health care institutions of Lithuania: 12 general hospitals and 10 outpatient departments. The 845 patients' attitude was evaluated using an anonymous questionnaire during their stay or visit in health care. Chi-square ($\chi 2$) test and univariate logistic regression model were used for statistical analysis. Patients' opinion showed that there is a high possibility of adverse events in Lithuanian health care, so it is necessary to create mandatory reporting system of adverse events, which could help to raise patients' safety and improve a quality of health services.

[H3] KASELIENE, Snieguolė; KALĖDIENĖ, Ramunė. Mirtingumo nuo infekcinių ligų ir tuberkuliozės netolygumai priklausomai nuo išsilavinimo Lietuvoje. Medicina (Kaunas) 2011;47(6):347-53, http://medicina.kmu.lt/1106/1106-07e.pdf

"Inequalities in Mortality From Infectious Diseases and Tuberculosis by the Level of Education in Lithuania"

The aim of this study was to evaluate changes in inequalities in mortality from infectious diseases and tuberculosis by educational level among men and women in Lithuania. The data on mortality from infectious diseases in the Lithuanian population aged more than 30 years for the years 1989 and 2001 gathered from the Department of Statistics and censuses were used for the analysis. The relative and slope indices of inequality were calculated. Mortality from infectious diseases and tuberculosis among persons with primary education was higher than that among persons with university education, and these inequalities were found to be increased in 2000–2002 as compare with 1988–1990 due to declining mortality among persons with university education and increasing mortality among less educated persons. Similar tendencies were observed while evaluating the inequalities in mortality from tuberculosis. In 1988–1990, the relative indices of inequality for mortality from all infectious diseases and tuberculosis among men were 9 and 13, respectively. In 2000–2002, the relative indices of inequality increased significantly to 16.5 and 28.8, respectively. Inequalities in mortality from abovementioned causes for women with different educational levels were lower than those for men. The slope indices of inequality for mortality from infectious diseases among men with different educational levels were considerably higher than among their female counterparts, and in 2000–2002, they were greater compared with 1988–1990. While implementing tuberculosis prevention and control programme and planning prevention and control measures, greater attention should be paid to less educated Lithuanian population at highest risk of this disease.

[H5] KOSINSKIENĖ, Aneta; RUŽEVIČIUS, Juozas. Kokybės vadybos priemonių poveikis sveikatos priežiūros įstaigų veiklos veiksmingumui. Public health 2011 No 1 (52) P. 29-40,

"Quality management tools impact on the effectiveness of health care institutions activities"

The article analyses the use of quality management measures in the development of health institutions and the improvement of their services. Based on both foreign and Lithuanian good practices and research results, it formulates recommendations and insights for the improvement

of the work of health institutions. The article also presents an integrated quality perfection model for hospitals, which combines general quality management principles, systems and measures. It is recommended to implement this model in health institutions that are already advanced in quality management; have ISO 9001 or other quality management systems introduced; have operating sub-systems of process control, observation of the quality of activities and secured feedback; perform systemic measurements of quality indicators; etc.

[H2] KUZMICKIENE, Irena; EVERATT, Rūta. Fizinis aktyvumas ir piktybinių navikų rizika: epidemiologinių tyrimų apžvalga. Public health 2011 No 4. 8-18, http://www.hi.lt/images/Sveikata_4(55).pdf

"Physical activity and cancer risk: review of the epidemiological evidence"

In this paper, we review and summarise epidemiologic evidence on the relation between physical activity and cancer as well as published articles on the possible biological mechanisms. The epidemiological studies suggest that regular physical activity reduces the risk of colon, breast, lung and endometrial cancer. According to published studies, there is probable causal relationship between physical activity and prostate, lung and ovarian cancer risk. The association between physical activity and risk of other malignant tumors is still not sufficiently proven. Biological mechanisms of the protective effect of physical activity include decreasing body weight, decreasing insulin resistance, levels of sex steroid hormones, chronic inflammation, promotion of activity of immune functions and reparation of genetic mutations. In order to develop an effective strategy for the prevention of malignant tumors, there is a need to better investigate the effects of the molecular mechanisms that determine the optimal duration of physical workload, the frequency over a lifetime, according to the individual needs of the body.

[H2] MIŠKINIS, Kęstutis. Tuberkuliozė: tikslai ir iššūkiai naujoje Lietuvos sveikatos programoje. Sveikatos politika ir valdymas, 2011, Vol 3P. 88-102

"Tuberculosis: Goals and Challenges in the New Lithuanian Health Programme"

The goals of the Lithuanian Health Programme (1998-2010) tuberculosis (TB) section were achieved, majority of planned measures successfully implemented, however, Lithuania ranks last or among the last on the European Union (EU) countries' list by the spread of majority of TB epidemic indicators. It is a signal for the reconsideration of TB programme's strategic goals, aims and measures in order to decrease the lag behind the EU countries. The matter in question is the continuity of the former Lithuanian Health Programme (LHP) and which new goals and aims should be included in a new LHP. Along with the main epidemic indicators (TB incidence, morbidity and mortality), which should be compared with corresponding EU countries mean in order to achieve it at the end of the LHP (2020), it is proposed to leave the non-achieved goal from the previous LHP – to cure more than 85 % of newly detected smear positive TB cases and increase this indicator to 90% by 2015. The author proposes the aims and necessary measures to implement in order to achieve the main goals of the new LHP. One of the objectives is to implement the provision of the STOP TB strategy to provide patients with all necessary TB drugs fully free of charge. The importance of non-interrupted supply of second-line TB drugs, incentives for primary health care providers for sputum investigation, detection of smear positive TB case and cure of such cases are discussed as well. Other issues discussed in the article are: recommendations to screen TB patients for HIV and vice versa - to investigate HIV positive people for TB, notification of countries reference TB laboratory; strengthening the management of the National TB programme by clearly defining obligations of all participants and ensuring full financing of National TB programme.

[H2] PEČIŪRA, Rimantas; GUREVIČIUS, Romualdas; JANKAUSKIENĖ, Danguolė. Onkologinių susirgimų profilaktikos programų efektyvumo vertinimas: gimdos kaklelio vėžio skryningas. Sveikatos politika ir valdymas, 2011, Vol 3P 50-63

"Evaluation of effectiveness of cervical cancer screening programme"

In the period of 1998 - 2010 the Lithuanian health programme was implemented. Evaluation of effectiveness of the preventive programmes showed that the mass screening process for preventive measures is undoubtedly one of the most important tools in the current public health policies and strategies. This article aims to present the evaluation of the cervical cancer preventive programme paid by the compulsory health insurance budget. The programme was evaluated by direct effectiveness measuring mortality and morbidity and cost-effectiveness in national level and also in the local level showing inequalities in its effectiveness. Effectiveness of the programmes is demonstrated also in the analysis of the facts relating to the implementation and management of the programme (indirect measurement). Analysing the results of the programme it was found that in 2005-2009 period more than 2.8 thousand cases of early stages and deaths associated with cervical cancer were prevented due to the programme. Prevention measures had an undeniable impact on hospital cost savings associated with cervical cancer. It is recommended to continue the cervical cancer screening programme with improved management, assigned national-level body to take care of its monitoring, and addressing the administrative costs for this issue and also divide responsibilities of the stakeholders.

[H6; L] STANKUNIENE, Aurima; RADŽIŪNAS, Raimondas; STANKŪNAS, Mindaugas; SOARES, Joaquim F. J.; BARANAUSKAS, Algirdas; IOANIDI-KAPOLOU, Elisabeth; BARROS, Henrique; LAMURA, Giovanni; LINDERT, Jutta; TORRESS-GONZALES, Francisco. Causes of Refraining From Buying Prescribed Medications Among the Elderly in Kaunas, Lithuania. Medicina (Kaunas) 2011; 47 (5): 291-296, http://medicina.kmu.lt/1105/1105-07e.pdf

Accessibility to medications among the elderly is a source of concern in Lithuania and beyond. However, there are no studies carried out on this topic in Lithuania. Therefore, the aim of this study was to evaluate the causes of refraining from buying prescribed medications among the elderly in Kaunas, Lithuania. The data were collected in a cross-sectional ABUEL study in 2009. A total of 624 filled-in questionnaires (response rate, 48.9%) from the elderly aged 60–84 years living in Kaunas (Lithuania) were received. For evaluation of the impact of explanatory variables on the analysed event (binary dependent variable) an Enter model of logistic regression was used. Study has revealed that one-third of the elderly refrained from buying prescribed medications, and the main reasons for this were financial problems and disappearance of health problems.

[H3] UBARTIENĖ, Olga; KANAPECKIENĖ, Virginija; VALINTELIENĖ, Rolanda. Visuomenės sveikatos specialistų rengimo Lietuvoje ir Europoje vertinimas. Public health 2011 No 4, P. 56-66, http://www.hi.lt/images/Sveikata_4(55).pdf

"Evaluation of public health specialists' education in Lithuania and Europe"

The aim of the study is to evaluate the practices of public health (PH) specialists' education in Lithuania and Europe. The content, logical and systematic methods of analysis were used to analyse study graduate, education programmes, their content, extent, duration at four Lithuanian Universities and eleven Schools of PH in Europe region. PH education programmes at Lithuanian Universities (Bachelor's and Master's) extent is the same, but subjects and their extent is different, though given the same degree, admission requirements for Bachelor's degree programmes and study completion are the same, but admission requirements to studies for Master's degree are different. PH specialists' education widely varies in Europe. Not all School

of PH in Europe pursue Bachelor‘s degree PH studies. Extent of Bachelor‘s degree studies at Schools of PH in Europe (180 ECTS) is less than at Lithuanian Universities (240 ECTS), extent of Master’s degree studies in Lithuania and many European Universities is 120 ECTS (in Europe varies from 60 to 180 ECTS). Students may choose programme specialisation at Lithuanian University of Health Sciences and many European Universities. In some European countries PH studies specialisation is written to diploma. Admission requirements at Lithuanian and European Universities are different, and study completion is similar. In European countries is often possible to complete part of the study at Universities in other countries (who are partners).

[H5] VALIUS, Leonas; RASTENYTE, Daiva; MALINAUSKIENE, Vilija; BUTYLKIENE, Daina, <<Pirminės sveikatos priežiūros įstaigų paslaugų vertinimas>> Medicina (Kaunas) 2011;47(1):57-62. http://medicina.kmu.lt/1101/1101-09e.pdf

“Evaluation of the Quality of Services in Primary Health Care Institutions”

The aim of the study was to evaluate patients’ satisfaction with the quality of provided services in private primary health care institutions in Kaunas. A questionnaire-based inquiry of 280 persons registered to family physicians at primary health care settings was performed. The study was carried out using 20-item anonymous questionnaires with questions about the quality of services provided in primary health care settings. A greater part of the patients indicated that the main reason for long waiting at the physician’s office was physicians’ wish to serve too many patients. More than two-thirds (67.0%) of the patients stated that their family physicians determined the cause of the disorder and prescribed treatment. The overwhelming majority (more than 90.0%) of the patients were satisfied with the quality of provided services in private primary health care institutions in Kaunas.

[L] Long-term care

[L] MARKEVIČĖ, Rūta; VALINTĖLIENĖ, Rolanda; ŠEMBERGIENĖ, Jolanta; ŽAGMINAS, Kęstutis. Hospitalinių infekcijų, jų rizikos veiksnių paplitimas Lietuvos palaikomojo gydymo ir slaugos ligoninėse. Public health 2011 No 4, P. 93-101, http://www.hi.lt/images/Sveikata_4(55).pdf

“Prevalence and risk factors for health care – associated infections in Lithuanian long-term care hospitals”

The aim of this study was to determine the prevalence and structure of hospital infections and risk factors in Lithuanian long-term care hospitals. The first point-prevalence study in Lithuanian long-term care hospitals was carried. 21 (48.8%) hospitals from 43 take part in this study, all patients admitted before the survey day were included, 1380 patients were examined. Infections were identified and differentiated into hospital and the society acquired by Lithuania validated criteria for registration of hospital infections. The 6.1 % prevalence of hospital infections was defined, prevalence in separate hospital varied between 0 and 21,2 %. The prevalence of hospital infections was higher in the town hospitals (7,6 %) than in the district hospitals (3.3%) ($p < 0,001$). Lower respiratory tract (62.5 %) and skin and soft tissues infections (21.7%) were the most common. The most frequent risk factors were: fecal or urinary incontinence (44.7 %), dippers usage (46.4%), bedridden status (37,5 %), transference from another hospital (33,3%), dementia (33.1%). The prevalence of the most risk factors was higher in the town hospitals than the district hospitals. 7.7 % patients were treated with antimicrobial drugs. Penicillins (46.8%), I–II generation of cepholosporynes (12.6%) and aminoglycosides (10,8%) were the most often used.

4 List of Important Institutions

Globali iniciatyva psichiatrijoje - Global Initiative on Psychiatry

Contact person: Dovilė Juodakaitė (Director)
Address: M.K Oginskio g.3, LT-10219 Vilnius.
Webpage: www.gip-vilnius.lt

This is part of an international NGO supporting the development of modern and community-based mental health care in different countries of the world. As part of this work, the organisation also carries out researches into current systems, and provides policy feedback to the Government as required. Two of its publications, self-published, are abstracted in this document.

Lietuvos Higienos institutas – Hygiene institute

Contact person: Remigijus Jankauskas (Director)
Address: Didžioji 22, LT-01128 Vilnius
Webpage: www.hi.lt

This organisation is the scientific institution. Hygiene institute under the Ministry of Health cooperates with the World Health Organisation and other international organisations. I's department Health information centre provides a range of statistical data in relation to Lithuanian health care, both in English and Lithuanian, though the Lithuanian version also allows a database search. The data are reasonably up to date – at the time of writing (May 2010) only the most important, summary, data are available for 2010, and other data cover up to 2009.

Lietuvos laisvosios rinkos institutas - Lithuanian Free Market Institute

Contact person: Žilvinas Šilėnas (President)
Address: Šeimyniškių g. 3A, LT-09312 Vilnius
Webpage: www.lrinka.lt

This organisation is both a political think-tank and a research organisation, occasionally carrying out research projects for clients, including the EU. In addition it provides comments on Government proposals, and writes articles in newspapers outlining its view on particular problems, and suggests ways to address these.

Lietuvos Respublikos Socialinės apsaugos ir darbo ministerija - Ministry of Social Security and Labour of the Republic of Lithuania

Contact person: Donatas Jankauskas (Minister)
Address: A.Vivulskio str. 11, 03610 Vilnius, Lithuania
Webpage: www.socmin.lt

The mission of the Ministry of Social Security and Labour is to implement effective social security and labour policy seeking to create opportunities for qualitative employment and to ensure social safety within the society, family welfare, and social cohesion. In collaboration with subordinate institutions, municipalities, social partners, non-governmental organisations and other concerned institutions Ministry ensures functioning, regulation and improvement of the State social insurance, social support and labour system. Ministry drafts laws of the Republic of Lithuania, resolutions of the Government and other legal acts within the scope of its competence, implements labour market, labour market vocational training policy, health and safety at work policy and labour remuneration policy, implements the State social insurance and pensions policy, implements the State policy on social assistance and social guarantees for low income residents, implements the policy on social assistance and labour of children, youth, families, sets the main trends for social integration of the disabled and manages their social integration

process, analyses the policy on social security and labour, social groups policy, economic justification of policies, forecasts basic social indicators. Ministry also coordinates preparation for administration of assistance of the EU structural funds to develop human resources.

Lietuvos Respublikos sveikatos apsaugos ministerija - Ministry of Health of the Republic of Lithuania

Contact person: Raimondas Šukys (Minister)
Address: Vilnius str. 33, LT-01506 Vilnius, Lithuania
Webpage: http://www.sam.lt

The Ministry of Health coordinates and administers all issues concerning the health sector. To pursue its goals and tasks, the Ministry implemented specialised departments (e.g. Health Policy and Economics Department; Personal Health Care Department) for the health sub-sections. Additionally there are different institutions (e.g. Public health service, Medical audit inspection, State health care accreditation service, Lithuanian AIDS Centre; Hygiene institute, Vilnius University Hospital Santariškių Clinics, Kaunas university clinics, etc.) under the Ministry of Health.

Lietuvos socialinių tyrimų centras - Lithuanian Social Research Centre

Contact person: Arvydas Matulionis (Director)
Address: Goštauto g. 11, LT-01108 Vilnius
Webpage: www.lstc.lt

This center is a public research institution with core activities consisting of theoretical, methodological and applied research in demography, ethnical issues, and sociology of human resources, social aspects of eurointegration, social security and labour market areas.

Lietuvos sveikatos mokslų universitetas – Lithuanian university of health sciences

Contact person: Remigijus Žaliūnas (Rector)
Address: A. Mickevičiaus 9, LT-44307 Kaunas . Phone: 00370 37 327201
Webpage: http://www.kmu.lt/index.php?cid=418

This department of public health in Kaunas Medical University teaches and carries out research into public health areas related to health care. The Lithuanian website has some information on publications in English, though is not currently up-to-date. The English part of the website is almost non-existent.

Mykolo Romerio universitetas - Mykolas Romeris University

Contact person: Alvydas Pumputis (Rector)
Address: Ateities 20, LT-08803 Vilnius. Phone: 00370 5 2714617
Webpage: http://www.mruni.eu

This is a social science university teaching 4 master degree 90 ECTS credits programmes for the health care system: health law, health policy and management, health organisations administration and health economics. It carries out research into public policy and management in areas related to health care. The Lithuanian website has some information on publications in English. The English part of the website is limited.

Neįgalumo ir darbingumo nustatymo tarnyba - Disability and Working Capacity Assessment Office

Contact person: Zdislav Skvarciany (Director)
Address: Švitrigailos str.10, 03223 Vilnius.
Webpage: www.ndnt.lt

Disability and Working Capacity Assessment Office under the Ministry of Social Security and Labour is the public administration institution entitled to define the level of incapacity to work of insured persons at work age (above 18 years old and before retirement age). The institution is also responsible for the defining of the need of professional rehabilitation and special services for incapable to work persons at work age. Institution participates in implementing the policy of social integration of disabled.

Socialinių paslaugų priežiūros departamentas - The Social Services Supervision Department
Contact person: Alvydas Keršulis (Director)
Address: A.Vivulskio str. 16, LT-03115 Vilnius
Webpage: http://www.sppd.lt

The Social Services Supervision Department under the Ministry of Social Security and Labour performs the following functions: provides methodological assistance regarding application of social care norms and control of quality of general social services and social care; establishes common practice of application of social care norms and requirements for general social service and social care; licensing and monitoring against license requirements; controls the process of individual/family needs assessment; administers social programmes and projects at the state level and controls how the allocated funds are used; administers social programmes and projects at municipal levels and controls how the allocated funds are used; administers IT systems (registers) related to the implementation of state social programmes and projects; deals with citizens' and other persons' complaints and suggestions regarding the quality of services provided by social institutions; cooperates and shares good practices in the field of social security with relevant Lithuanian and foreign institutions and international organisations. The organisation has a limited English-language website.

Sveikatos ekonomikos centras - Health Economics Centre
Contact person: Gediminas Černiauskas (Director)
Address: P.Vileišio gatvė 18, 2 korpusas, 301, 10306 Vilnius
Webpage: www.sec.lt

This is a private company specialising in projects relating to health and social protection economic and policy issues. It has carried out projects and research for (or supported by) the following organisations: Ministry of Health, Ministry of Finance, Ministry of Economy, Ministry of Social Protection and Labour, National Health Board, State Patient Fund, SODRA, Social Protection Training and Research Centre, Health care institutions and their founders, other institutions and enterprises, World Bank, Open Society Lithuania Fund, PHARE, World Health Organisation.

Valstybinė ligonių kasa - State Patient's Fund (SPF)
Contact person: Algis Sasnauskas (Director)
Address: Europos sq. 1, LT- 03505 Vilnius
Webpage: www.vlk.lt

The State Patient's Fund, under the Ministry of Health, is responsible for the disbursement of funds to health providers in order to pay for treatment. These funds are collected from the tax system, the social insurance system (depending on the type of contributor) and the state budget, and then allocated to the SPF's 5 regional branches for disbursement. Each location in Lithuania has a branch of the regional SPF which can be accessed by members of the public who have questions in relation to their state health insurance coverage. The website has a (slightly flawed) and limited version in English, providing also information for tourists.

Valstybinio socialinio draudimo fondo valdyba - State Social Insurance Fund Board

Contact person: Mindaugas Sinkevičius (Director)
Address: Konstitucijos pr. 12, LT-09308 Vilnius
Webpage: www.sodra.lt

The State Social Insurance Fund Board, under the Ministry of Social Security and Labour (frequently referred to as "Sodra") is the institution engaged in administration of the public social insurance fund, responsible for coordination and methodical management of the territorial offices under its direct subordination, in order to ensure effective and high quality work of such territorial offices and other subordinate institutions, as well as perform controls over them. The main function of "Sodra" is ensuring the enforcement of legal acts in regulation of the state social insurance. It collects social insurance contributions (including those covering unemployment insurance) from employers and the self-employed, and calculates and pays out contributory benefits (except unemployment benefits). The website, in Lithuania, provides a wide range of information on pensions entitlements, contributions requirements, benefits types and entitlements etc. A limited version of the website is available in English.

Vilniaus universitetas – Vilnius University
Ekonomikos fakultetas Faculty of Economics

Contact person: Birutė Galinienė (Dean)
Address: Sauletekio al. 9, Vilnius
Webpage: www.ef.vu.lt

Filosofijos fakultetas. Socialinio darbo katedra. - Faculty of Philosophy, Social Work Department

Contact person: Jolita Buzaitytė-Kašalynienė (Chair)
Address: Universiteto str. 9/1, LT-01513, Vilnius
Webpage: www.fsf.vu.lt

Both mentioned faculties of Vilnius University carry out research and teaching courses on social protection issues, social protection economics at bachelorship, magistry and doctorate levels. Being also involved as experts to practical policy making, academic teachers of University present the most in-depth understanding of Lithuanian social sector economics and politics.

This publication is financed by the European Community Programme for Employment and Social Solidarity (2007-2013). This programme was established to support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields. The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA and EU candidate and pre-candidate countries. The Programme has six general objectives. These are:

(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