



# Annual National Report 2012

## Pensions, Health Care and Long-term Care

### Liechtenstein

March 2012

Author: Bernhard Zaglmayer

**Disclaimer: This report reflects the views of its authors and these are not necessarily those of either the European Commission or the Member States.**



On behalf of the  
**European Commission**  
DG Employment, Social Affairs  
and Inclusion

Gesellschaft für  
Versicherungswissenschaft  
und -gestaltung e.V.



## Table of Contents

<b>1</b>	<b>Executive Summary .....</b>	<b>3</b>
<b>2</b>	<b>Current Status, Reforms and the Political and Scientific Discourse during the previous Year (2011 until February 2012).....</b>	<b>4</b>
2.1	Overarching developments.....	4
2.2	Pensions.....	5
2.2.1	The system's characteristics and reforms.....	5
2.2.2	Debates and political discourse .....	11
2.2.3	Impact of EU social policies on the national level .....	13
2.2.4	Impact assessment .....	14
2.2.5	Critical assessment of reforms, discussions and research carried out.....	15
2.3	Health Care.....	16
2.3.1	The system's characteristics and reforms.....	16
2.3.2	Debates and political discourse .....	20
2.3.3	Impact of EU social policies on the national level .....	23
2.3.4	Impact assessment .....	23
2.3.5	Critical assessment of reforms, discussions and research carried out.....	23
2.4	Long-term Care.....	24
2.4.1	The system's characteristics and reforms.....	24
2.4.2	Debates and political discourse .....	26
2.4.3	Impact of EU social policies on the national level .....	27
2.4.4	Impact assessment .....	28
2.4.5	Critical assessment of reforms, discussions and research carried out.....	28
2.5	The role of social protection in promoting active ageing .....	28
2.5.1	Employment .....	28
2.5.2	Participation in society .....	29
2.5.3	Healthy and autonomous living.....	29
	<b>References.....</b>	<b>31</b>
<b>3</b>	<b>Abstracts of Relevant Publications on Social Protection .....</b>	<b>35</b>
<b>4</b>	<b>List of Important Institutions .....</b>	<b>37</b>

## 1 Executive Summary

In 2010, the Liechtenstein Government announced two major programmes: its overall governmental programme called “Agenda 2020” and a budget consolidation programme. The latter has been introduced primarily as a reaction to revenue losses from the financial and economic crisis. Both programmes affect Liechtenstein’s social protection system and have led to reforms and reform debates in the pension and health care sector.

With regard to pensions, the Liechtenstein Parliament adopted an act to freeze State subsidies to Liechtenstein’s first pillar pension scheme, the *AHV* scheme (*Alters- und Hinterlassenenversicherung*), in order to relieve the State budget. Instead of subsidising the *AHV* regime with 20% of the *AHV*’s annual expenditure, from 2015 on the annual subsidies will be fixed at certain amount (which is slightly lower than the current subsidies) plus indexation. As compensation for the loss of income of the *AHV* the following measures have been implemented: higher reduction rates for early retirement pensions, the adaptation of the indexation mechanism, and an increase of certain *AHV* contributions. However, a full compensation for the *AHV*’s loss of income is not expected by these measures. The amendments, i.e. cutting state subsidies and introducing compensation measures, have triggered a fierce debate amongst the political parties. For the junior partner in Government the reform does not go far enough. Instead of pure budget consolidation, the party wants to discuss reform measures in order to secure the *AHV*’s long-term financial stability. The senior partner in the Government acknowledges this, but sees no need to take immediate action.

Also in the health care sector, the Government intends to reduce the State subsidies. As compensation measures, drastically higher co-payments are envisaged as well as collecting contributions from young persons between 16 and 21 years of age. On patient side, this approach entails a change from fixed costs towards service related costs. In order not to disproportionately burden low-income families, the Government would like to enlarge the scope of application of the system of reduction of contributions (*Prämienverbilligung*). Whereas the State subsidy cut for the pension sector has already entered into force, the State subsidy cut for the health care sector is still at an early stage of the legislative process.

Another discussion on how to reduce costs in the health care sector has eventually ended: after many years of debate, the Chamber of Doctors (*Ärztammer*) agreed to a new tariff system for health care providers. Still subject to discussion is the future of the Liechtenstein State Hospital (*Landesspital*). Due to capacity problems and an outdated medical-technical infrastructure, a renovation or new construction has been envisaged for many years. The latest proposal, i.e. building a new hospital whereby the capacities of the hospital should be extended but not its medical competences, was rejected by referendum.

A few years ago, Liechtenstein initiated a major reform of its long-term care system. This reform has been based on three pillars: prevention, home care and institutionalised care. In recent years many measures of this reform programme have been implemented, amongst which the extension of capacity of institutionalised care and the establishment of an information and advice centre for elderly people to prevent or delay the dependency on care. Despite extending the capacity of institutionalised care, the reform’s priority is to enable people to live at home as long as possible. This was realised by the introduction of the new care allowance in 2010. Problems still exist with the home care infrastructure. More precisely, Liechtenstein lacks sufficient, qualified care personnel. This issue was extensively discussed in Parliament in 2011.

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

### 2.1 Overarching developments

In recent years, Liechtenstein has been confronted with less revenues and higher expenditures. This was due to, amongst other factors, the economic and financial crisis, the general demographic development, and structural changes in the financial sector. Consequently, Liechtenstein introduced a budget consolidation programme. In a four-year period (2010-2014), the Government has aimed to reduce its public spending. Initially, the savings target was CHF 160 million (EUR 133 million) per year. Later on, due to a better performance in 2010, the savings target has been reduced by CHF 25 million to CHF 135 million (EUR 112 million).<sup>1</sup>

To achieve an annual and sustainable output reduction, the Government proposed to the Parliament to group the necessary savings into main areas of expenditure. The most extensive area of expenditure in the State budget is the “current and investment contributions” sector (*laufende und investive Beitragsleistungen*). This category includes subsidies for the pensions and health care system. The Government envisages now, after having initially foreseen CHF 80 million (ca. EUR 66 million), a reduction target of CHF 68 million (ca. EUR 56 million) in this sector.<sup>2</sup> The reforms described in this Annual National Report have to be seen against the background of this reduction target of public expenditure.

In 2010, CHF 63 million of the envisaged savings target of CHF 135 million could effectively be realised. In addition, in 2010 and 2011 further austerity measures have been initiated, which amount in total to CHF 58 million. This means that CHF 121 million of the CHF 135 million are on track.<sup>3</sup> Therefore, it seems realistic that the annual savings target of CHF 135 million can be achieved by 2015.

In addition to the budget consolidation programme, the Liechtenstein Government presented its overall Governmental programme called “Agenda 2020” in October 2010.<sup>4</sup> This programme focuses on six strategic objectives which are, according to the Government, of equal importance: to make use of the possibilities of a small State in an international context, to increase domestic political capacity to act, to increase financial capacity to act, to strengthen its business location, to secure natural livelihoods and, last but not least, to increase quality of life.

Under the latter heading, in terms of social security, the Government stresses that it must take care of the social security system, which should not be excessively strained. Benefits should correspond to a need, thus be better targeted. The Government foresees to assess the social security institutions regularly regarding their long-term sustainability and, eventually, will prepare proposals for revisions in due time.

---

<sup>1</sup> Liechtenstein Government, *Bericht und Antrag der Regierung zur Finanzplanung 2010-2014*, No. 100/2009 (October 2009); Liechtenstein Government, *Bericht und Antrag der Regierung betreffend das Maßnahmenpaket zur Sanierung des Landshaushalts*, No. 73/2010 (June 2010); Liechtenstein Government, *Bericht und Antrag der Regierung zur Finanzplanung 2011-2015*, No. 126/2010 (November 2010); Press release of 2 March 2011 on the Government website “ausgewogen2015” (<http://ausgewogen2015.li/ausgewogen/>).

<sup>2</sup> Press release of 2 March 2011 on the Government website “ausgewogen2015” (<http://ausgewogen2015.li/ausgewogen/>).

<sup>3</sup> Liechtenstein Government, *Bericht und Antrag der Regierung betreffend die Genehmigung der Landesrechnung für das Jahr 2010*, No. 68/2011 (June 2011).

<sup>4</sup> See website of Liechtenstein Government: <http://www.regierung.li/fileadmin/dateien/Downloads/RA-2010-1845-Agenda-2020-05-10-2010.pdf>.

Concerning the economic situation in the reporting period, Liechtenstein's industry continued to recover in 2011. By contrast, Liechtenstein's financial sector again faced a loss in revenue. This difference between the real economy and the financial economy is also reflected in the labour market. In the first half year of 2011, the number of people employed in the financial sector declined, whereas the number of people employed in the service sector other than financial services and in the industry increased. In terms of unemployment, a positive development could be observed. After an unemployment rate of 3.2% in February 2010, which was the highest in years, the unemployment rate dropped to 2.4% in October 2011. In absolute figures, 436 people were out of work in October 2011.<sup>5</sup>

## 2.2 Pensions

### 2.2.1 The system's characteristics and reforms

Liechtenstein's old-age pension system is based on three pillars. The first pillar is the statutory Old-Age and Survivors' Insurance *AHV* (*Alters- und Hinterlassenenversicherung*). The second pillar consists of employers' pension plans. The third pillar are voluntary private insurance arrangements, such as life insurances and other products by insurance companies, or pension plans and the like by financial institutions. Here, the main characteristics and basic financial and insurance data of Liechtenstein's two mandatory pillars, i.e. the first and the second pillar pensions, will be outlined. This will be followed by an overview of reforms initiated in the reporting period.

#### 2.2.1.1 Characteristics first pillar

The first pillar (*AHV*) is a mandatory insurance for all individuals working in Liechtenstein, as employee or self-employed person, or residing there.<sup>6</sup> At the end of 2010, more than 40,000 persons were actively insured, meaning that they paid contributions. This rather high number, compared to Liechtenstein's slightly more than 36,000 inhabitants, can be explained by the fact that more than half of Liechtenstein's employees commute from abroad, most notably from Switzerland and Austria.

The *AHV* is funded on a pay-as-you-go basis. Revenues are derived from (1) contributions, (2) taxes and (3) investment income. (1) Contributions must be paid by the employee and the employer, the self-employed, and the economically non-active resident. In an international comparison rather unique: in general, there is no minimum or maximum on earnings subject to *AHV* contributions. In particular, the absence of a contribution ceiling makes that *AHV* contributions are collected even from very high income. Since there are maximum rates for pension benefits, the principle of solidarity plays a bigger role in Liechtenstein's *AHV* than in many other countries' first pillar pension schemes. In 2010, contributions in the amount of ca. CHF 205 million (ca. EUR 170 million) were collected. This means a decrease in contribution income compared to 2009, when CHF 209 million were collected. The reason for this is a drop in economy-wide earnings. (2) The State contributes to the *AHV* funds with 20% of the fund's annual expenditure, paid out of the general revenues, and with two thirds of the revenues from the capacity-linked levy on heavy goods vehicles (*Leistungsabhängige Schwerverkehrsabgabe – LSVA-Abgabe*). This Government contribution has been fundamentally reformed in 2011, with effect from 2015 (for more information see below point 2.2.1.3). In 2010, the State subsidy amounted to almost CHF 53 million (EUR 44 million). The State subsidies have steadily increased over the past fifteen years. (3) As to the third pillar of funding, i.e. the

<sup>5</sup> Office of Statistics, *Aktuelle Entwicklung: 4. Ausgabe 2011*, December 2011.

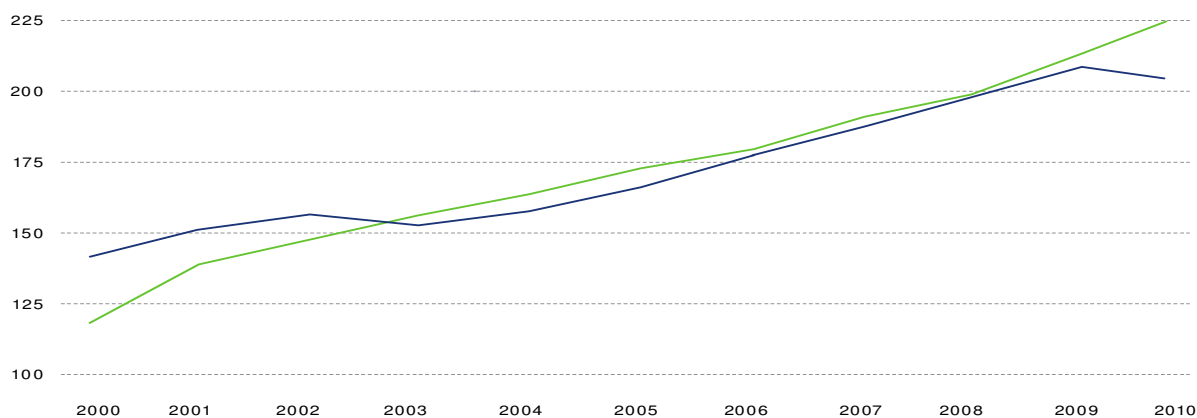
<sup>6</sup> For the legal basis see Gesetz vom 14. Dezember 1952 über die Alters- und Hinterlassenenversicherung (LGBI. 1952, No. 29).

investment revenues, the income from investments dramatically dropped to only little more than CHF 5 million (ca. EUR 4.2 million), in 2007, just after the beginning of the financial crisis. Later, in 2008, the *AHV* was facing the highest loss ever in the *AHV* fund's history: CHF 185 million (ca. EUR 154 million).<sup>7</sup> The tide turned in 2009, when a record profit from investment of CHF 233 million (ca. EUR 193 million) was reported. In 2010, the *AHV* made profit again from its investments. This time, however, the profit was lower: CHF 74 million (ca. EUR 61 million).

Eligibility to an *AHV* retirement pension is linked to the fulfilment of two conditions: the attainment of the pensionable age, i.e. 64 years, and contribution payments during at least one year. However, it is also possible to opt for early retirement at 60 years of age. Though, retirement can also be deferred up to the age of 70. In 2010, about 15,500 people received a retirement pension. It is worth mentioning that out of all beneficiaries, more than 6,500 persons received an early retirement pension, which equals to more than 40%. While the overall number of beneficiaries increased by 5% compared to 2009, the number of early pensioners increased by 11%. Currently, the average pensionable age is 61 years of age for women and 62 years of age for men. It is striking that the effective retirement age drops, while the life expectancy rises. In 2009, the life expectancy at birth was 79.5 years for males and 83.6 years for females. Only 12 years before, in 1997, life expectancy at birth in Liechtenstein was 71.9 years for males and 80.4 years for females.

The amount of the retirement pension depends, most notably, on the contribution period, i.e. the length of time contributions have been paid, and on the relevant income, i.e. the annual average earnings. Moreover, the moment when pension payments start is relevant, as the retirement pension is reduced for early retirement and increased for deferred retirement. In 2010, retirement and survivors' pensions at the total amount of ca. CHF 228 million (ca. EUR 190 million) were paid out. Thus, in 2010 the total income from contributions was CHF 23 million (ca. EUR 19 million) less than the total expenditure for pensions. This follows the general trend: since 2003 the *AHV* pays out more than it collects from contributions of the insured (see figure 1 below). For the sake of completeness it should be mentioned that due to the above mentioned profits from investments and due to the Government subsidies, the *AHV* concluded with a profit of CHF 104 million (ca. EUR 86 million) in 2010.

Figure 1: Relationship between income from contributions and expenditure for pensions in million CHF (2000 - 2010)



The green line marks the expenditures for pensions, the blue line the income from contributions. Source: *AHV-IV-FAK, Geschäftsbericht 2010, page 15.*

<sup>7</sup> It was the second time that the *AHV* made an investment loss. The first time was in 2001/2002, after the burst of the dot.com bubble.

Beneficiaries of *AHV* retirement pensions who are in need, i.e. those who meet a means test, and reside in Liechtenstein can fall back on supplementary benefits (*Ergänzungsleistungen*). This is a measure against old age poverty and costs of these benefits are paid half by the State and half by the municipalities. In 2010, 363 persons received supplementary benefits to their retirement pension, which is a slight decline from last years (2009: 372 beneficiaries, 2008: 373 beneficiaries).

The *AHV* is administered by the Old-Age and Survivors' Insurance institute (*AHV* institute), an agency under public law, which is subject to supervision by both Parliament and Government. To cover its administrative costs, the *AHV* institute levies a special contribution. This contribution must be made by the employer, the self-employed, the non-active insured, the voluntarily insured and, under certain circumstances, the employee.<sup>8</sup>

It should be mentioned that certain statistical data, like average pensions in first and second pillar schemes or the gender pension gap, are not available for Liechtenstein. This may be surprising given that these data are usually collected by States and international organisations. However, Liechtenstein is a rather small country and Liechtenstein is not a member of a number of international organisations<sup>9</sup> and has not ratified international treaties which would make the collection of such data necessary, such as the European Social Charter or ILO Conventions No. 102 and No. 128.

### **2.2.1.2 Characteristics second pillar**

The mandatory second pillar consists of employers' pension plans where a distinction is made between occupational pension plans for private sector employees, and the plan for civil servants.<sup>10</sup> The pension insurance for civil servants was recently subject to a major reform.<sup>11</sup>

Obligatorily insured are private sector employees (private plans) and Governmental employees as well as employees of associated corporations in Liechtenstein (plan for civil servants) who are subject to the first pillar pension scheme, have turned 23 years of age and whose annual earnings exceed a certain threshold. All those employees not subject to mandatory insurance and self-employed persons may opt for voluntary insurance. However, in case of voluntary insurance, the employer is not obliged to financially contribute to the insurance.

Liechtenstein's employer pension plans are usually fully funded schemes. They are financed by contributions of employers and employees (employer's contribution must be at least equal to employee's contribution), as well as by voluntary contributions of the self-employed. All of them are also required to pay an administrative fee. Moreover, investment incomes contribute to the financing of occupational pension schemes. End 2009, the funds of all employers' pension plans (including the plan for civil servants) represented an aggregated amount of CHF 3.88 billion (ca. EUR 3.22 billion), which is the highest amount ever. In other words, the previous year's losses due to the financial crisis have been recouped.<sup>12</sup> In this context it is worth mentioning that in the end of 2009 only three pension plans were underfunded, while at the same time in 2008, 19 pension plans were concerned.<sup>13</sup>

<sup>8</sup> For the numbers on 2010 see *AHV-IV-FAK, Geschäftsbericht 2010*.

<sup>9</sup> Liechtenstein is for instance no member of the International Labour Organisation (ILO), or the Organisation for Economic Cooperation and Development (OECD).

<sup>10</sup> Employer pension plans for private sector employees are legally based on the Act on Occupational Pension Schemes (*Gesetz über die Betriebliche Personalvorsorge*). The legal foundation for occupational pensions for employees of the Government of Liechtenstein is the Pension Insurance Act for Government Employees (*Gesetz über die Pensionsversicherung für das Staatspersonal*), which is, in turn, based on the Act on Occupational Pension Schemes.

<sup>11</sup> For more information on this reform see the asisp Annual National Report 2009 on Liechtenstein.

<sup>12</sup> Office of Statistics, *Statistisches Jahrbuch Liechtenstein 2011*, page 254.

<sup>13</sup> Liechtensteiner Volksblatt, Pensionskassen geht es wieder besser, 16 July 2010.

Entitlement is normally triggered by the attainment of the pensionable age of the insured person. Most of Liechtenstein's employers' pension plans are defined contribution plans. The amount of retirement pensions depends on the accumulated capital and the annuity rate. Benefits may be either paid out as a lump sum or as a periodic payment. The plan for civil servants, however, is a defined benefit plan.<sup>14</sup> There, the pension rate depends on length of the career and the last wages.

Private sector employer pension plans are run by private pension institutions. The pension plan for civil servants is administered by a foundation under public law. Supervision of all plans is carried out by the Liechtenstein Financial Market Authority (*Finanzmarktaufsicht – FMA*).

### **2.2.1.3 Reforms**

#### **2.2.1.3.1 AHV reform**

In 2010, a reform of Liechtenstein's first pillar pension system, the *AHV*, was proposed by the Government.<sup>15</sup> In 2011, this reform, with slight amendments, was adopted by Parliament.<sup>16</sup>

The background of the reform is the Government's plan to consolidate public finances. As outlined under point 2.1, the austerity measures include cutting the public subsidies for the *AHV* pension system.

The State subsidies to the first pillar pension system have increasingly become a burden to Liechtenstein's national budget. While the subsidies increased slowly in the first decades after the introduction of the *AHV* system, they rose sharply in the past ten years. In 2010, the Government subsidies were 145% (!) higher than in 2000.

Before the reform, the Government contributed to the *AHV* funds with 20% of the fund's annual expenditure, paid out of the general revenues, and with two thirds of the income from the capacity-linked levy on heavy goods vehicles (*LSVA-Abgabe*). The reform repealed these rules and fixed the Government's contribution to the *AHV* at a fixed sum in order to reduce subsidies and reach higher planning reliability. In more detail, as of 1 January 2015 on, the annual subsidies will be fixed at CHF 50 million (plus indexation, plus extra contribution of annually CHF 2 million). This means that in future the annual subsidies will be lower than then the current subsidies are (CHF 53 million for 2010). According to first estimates, this measure will save CHF 15 million (ca. EUR 12.5 million) of the national budget in 2015, when the measure is implemented, and even more in the years thereafter.

It should be mentioned that the new State subsidy rule is only time-limited. Because the Progressive Citizens' Party (FBP), the junior partner in the coalition Government, wanted to put political pressure on the Government to sustainably reform the *AHV*, the CHF 50 million rule is only in force between 2015 and 2017.<sup>17</sup> Beyond that period, there is no provision made for State subsidies to the *AHV*. This has been heavily criticised by the Patriotic Union Party (VU), the senior partner in the coalition Government, which accused the FBP of playing political games over the financial stability of the *AHV*.

For the *AHV*, which since 2003 pays out more than it collects from contributions of the insured, the reduction of the State subsidies results in a loss of revenues. Therefore, the Parliament followed the Government's proposal to introduce compensation measures. These measures

---

<sup>14</sup> Only associated corporations which are commercially oriented and municipalities can opt for a defined contribution plan.

<sup>15</sup> See also the *asisp Annual National Report 2011 on Liechtenstein*.

<sup>16</sup> See LGBl. 2011 No. 541, LGBl. 2011 No. 542 and LGBl. No. 545, all of 15 December 2011.

<sup>17</sup> The decision of the Parliament was only possible because also deputies of the Patriotic Union Party (VU) voted in favour of the amendment to time-limit the measure.



include (1) higher reduction rates for early retirement pensions, (2) the adaptation of the indexation mechanism, and (3) an increase of certain *AHV* contributions.

Regarding (1), in future the reduction rates will be based on actuarial calculation – which has not been the case thus far – and will be as follows:

- 5.5% instead of 3% at age 63
- 10.6% instead of 7% at age 62
- 15.2% instead of 11.5% at age 61 and
- 19.5% instead of 16.5% at age 60.

The new rule entered into force on 1 January 2012. However, since the changed reduction rates are only applicable to insured people born in 1956 or later, they will only become effective as of 1 January 2016 on.

The *AHV* fund's savings due to higher reduction rates will depend on the early retirement behaviour of the insured. The Government acknowledged that it is not possible to reliably predict to what extent these new early retirement rules may influence the retirement behaviour of the insured. If the early retirement behaviour of the insured does not change, the savings will be CHF 0.24 million (ca. EUR 0.20 million) in 2016. If the higher reduction rates prevent people from early retirement, the savings will obviously be higher. For instance, if there are 5% less early retirements, it is estimated that savings will amount to CHF 1.34 million (ca. EUR 1,11 million) in 2016.

Regarding (2), in future indexations of *AHV* pensions will be only based on the consumer price index. Up to 2011, pensions were adjusted to the development of wages and consumer prices. The Government assumes that the wage index will continue to be higher than the consumer price index and therefore expects savings for the *AHV* funds. Moreover, index-based pension adjustments will only be mandatory if the consumer price index is 3% higher than the consumer price index at the last adjustment. The old rule that adjustments should be made every two years has been repealed. In addition, the new law prohibits pension indexations if the assets of the *AHV* funds in the previous year are less than five times the funds' annual expenditure. It has to be kept in mind that in 2010, the assets of the *AHV* funds were 10.6 times the annual expenditures.

The Government estimates that the annual savings of this reformed indexation mechanism would amount to CHF 0.66 million (ca. EUR 0.55 million) in 2013 and to CHF 6.96 million (EUR 5.78 million) in 2020.

Regarding (3), *AHV* contributions of employers and self-employed people have been raised by 0.2 percentage points by 1 January 2012. Thus, the employers' share of the *AHV* contributions rose from 3.8% to 4% and the *AHV* contribution of the self-employed rose from 7.6% to 7.8%. The employees' share of the contributions (currently 3.8%) has not been raised. Employers and self-employed, in turn, have enjoyed a reduction of their family allowance contributions by 0.2 percentage points. In other words, the financial burden for employers and self-employed remains the same. The contribution shift from the Family Allowance Fund to the *AHV* Fund is argued by the steady and stable expenditures of the family allowance insurance in the past decade. This, according to the Government, justified a reduction of family allowance insurance contributions.<sup>18</sup>

---

<sup>18</sup> For the background of the reform see Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV*, RA 2010/3024-6000 (February 2011); Liechtenstein Government, *Bericht und Antrag der Regierung betreffend die*

### **2.2.1.3.2 Administrative contributions to the AHV**

As mentioned point 2.2.1.1, the AHV institute levies a special contribution to cover its administrative costs. In past years – except for 2010 – profits from the special contributions were made, so that high financial reserves on the administrative cost accounting were built up. Since the AHV institute is a non-profit institution, the Government intended to reduce the financial reserves on the administrative cost accounting, without threatening the financial stability of it. As reported in the asisp Annual National Report 2009, as a first step, and with effect as of 1 January 2008, the Government lowered the contribution rate for administrative costs – from 4% to 3.6% of the total amount of premiums to be paid.<sup>19</sup>

As a second step, and with effect as of 1 January 2012, the Parliament introduced further measures to ensure, on the one hand, that the AHV institute does not accumulate too high financial reserves and, on the other hand, that there will be sufficient financial resources for the administration of the AHV institute.<sup>20</sup> First, the legislator provided for more flexibility for the Government: instead of up to 4%, the Government is now authorised to levy administrative contributions of up to 5% of the social insurance contributions. Second, whenever the financial reserves of the administrative cost accounting equal less than one-third or more than two-third of the annual administrative costs, the administrative contribution rate has to be adapted by the Government. Third, instead of mandatory deficit coverage out of the general AHV funds, deficits of the administration of the AHV institute must now be covered by the financial reserves on the administrative cost accounting.

### **2.2.1.3.3 Equal treatment of same-sex civil unions in old-age security systems**

In the asisp Annual National Report 2011, it was reported that the Parliament adopted a law for the full legal recognition of same-sex partnerships in Liechtenstein by introducing the legal institution of same-sex civil unions, with consequences for social security.<sup>21</sup> The law, however, was put on hold due to a citizen-initiated referendum. Now it can be reported that a majority (68.8% of the electorate) voted in favour of the new act on same-sex civil unions (election participation: 74.2%). This means that since September 2011 same-sex civil unions and marriages are treated equally in Liechtenstein's pension law. Amongst others, same-sex civil union partners are able to qualify for survivors' pensions; they are able to claim the retirement pension at a higher rate in case of being widowed; they are able to get periods of care for their dependent partner as being considered as insurance periods; and, this concerns second pillar pensions, in case of terminating a civil union, future pension rights will be divided between partners. For the means tested supplementary benefits under the first pillar pension system income and means of the civil union partner will be taken into account for establishing entitlement to the means-tested benefit.<sup>22</sup>

---

*Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV, No. 61/2011 (May 2011); Liechtenstein Government, Stellungnahme der Regierung zu den anlässlich der ersten Lesung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Massnahmen zur finanziellen Sicherung der AHV aufgeworfenen Fragen, No. 107/2011 (September 2011).*

<sup>19</sup> See also LGBI. 2007 No. 248 of 25 September 2007.

<sup>20</sup> See LGBI. 2011 No. 506 of 21 November 2011.

<sup>21</sup> See also Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Schaffung eines Gesetzes über die eingetragene Lebenspartnerschaft gleichgeschlechtlicher Paare (Lebenspartnerschaftsgesetz, LPartG) sowie die Änderung weiterer Gesetze*, RA 2009/3026-0141 (April 2010).

<sup>22</sup> See LGBI 2011 No. 365, LGBI 2011 No. 388, LGBI 2011 No. 390, LGBI 2011 No. 391, LGBI 2011 No. 409, LGBI 2011 No. 419, all of 1 September 2011.

The financial impact of this reform is estimated to be rather low. On the basis of comparable data from other European countries, the Government estimates that on average ten same-sex couples will register for civil union per year.

#### ***2.2.1.3.4 Exceptions from the equal treatment principle in second pillar pensions***

In the asisp Annual National Report 2009 and 2010, discussion were reported on the transposition of Directive 2006/54/EC of 5 July 2006 on the Implementation of the Principle of Equal Opportunities and Equal Treatment of Men and Women in Matters of Employment and Occupation (recast). The Government considered whether it shall continue to make use of an exception of the principle of equal treatment in the occupational pension insurance. In more detail, Article 9 (1) (h) and (j) of the Directive allows to set different levels of benefits and contributions, if necessary to take account of actuarial calculation factors which differ according to sex in the case of defined contribution schemes. In 2011, Liechtenstein transposed the EC Directive into national law and eventually decided to continue to allow, under certain conditions, setting different levels of benefits and employers' contributions in the voluntary second pillar pension insurance.<sup>23</sup>

### **2.2.2 Debates and political discourse**

#### ***2.2.2.1 AHV reform***

There has been a heated political debate in Liechtenstein on the reform of State subsidies to Liechtenstein's first pillar pension scheme, the *AHV*. As mentioned above in 2.2.1.3.1, the Parliament, particularly the members of the Progressive Citizens' Party (FBP), wanted to put political pressure on the Government to discuss reform measures in order to secure the *AHV*'s long-term financial security. To this end, the Parliament only allowed for State subsidies to the *AHV* until end 2017.<sup>24</sup>

Partly due to this decision of the Parliament, there has been a public debate on the future of Liechtenstein's *AHV*. Parliament, Government and the media agreed that the reduction of State subsidies is an austerity measure, intended to consolidate the public budget; but it will not contribute to securing the financial stability of the *AHV*.<sup>25</sup> By contrast, the Government estimates that the three compensation measures (higher reduction rates for early retirement pensions, lower indexations, and an increase of *AHV* contributions) will not completely compensate the financial losses for the *AHV* due to the reduction of State subsidies. Therefore, a more comprehensive reform of Liechtenstein's first pillar pension scheme has been discussed.

In particular, the following reform proposals received attention: first, a raise of the retirement age. The discussion already started in 2010 when Prince Hans-Adam II von und zu Liechtenstein proposed to raise the regular retirement age from 64 to 70, and when the European Commission's Green Paper towards adequate, sustainable and safe European pension

---

<sup>23</sup> See LGBl. 2011 No. 212 of 8 June 2011.

<sup>24</sup> See, amongst other sources, Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 20. und 21. Oktober 2011*; Liechtensteiner Vaterland, *Forderung nach "enkeltauglichem" Liechtenstein*, 20 May 2011; Liechtensteiner Volksblatt, *AHV: Landtag zwingt Regierung nun zum Handeln*, 22 October 2011.

<sup>25</sup> Liechtensteiner Vaterland, *Ab 2015 weniger Geld für die AHV*, 30 June 2011; Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV, RA 2010/3024-6000* (February 2011); Liechtensteiner Volksblatt, *Kommentar: Die Angst regiert*, 30 June 2011.

systems was presented.<sup>26</sup> Opinion polls showed that the population strongly rejected this proposal. Nevertheless, the public discussion continued in 2011 and the beginning of 2012,<sup>27</sup> when the Minister of Public Health and Social Affairs stated that the basic problems of the AHV would have to be tackled by raising the pensionable age to 68.<sup>28</sup> Second, the reduction or even abolition of the Christmas bonus has been discussed. The Christmas bonus is an extra monthly pension payment made before Christmas. The Government considered this measure, but eventually discarded it. Parliament and the AHV institute, however, are in favour of a more open debate on a reduction or an abolition of this bonus payment.<sup>29</sup> (3) The same goes for a raise of AHV contributions. Some deputies of the Parliament initiated a discussion. The Government considered changes, but eventually discarded them.<sup>30</sup>

#### **2.2.2.2 Reform of early retirement mechanism for civil servants**

The Government intends to change the early retirement mechanism for civil servants. In the future the earliest possibility to retire for civil servants should be 62 years of age instead of 60. The possibility to retire at the age of 58 – if this is in the State's interest and subject to authorisation by the Government – should continue to apply. The latter allows the Government to use early retirement as an instrument for personnel cutbacks in the light of reorganisations, restructuring or austerity measures. Next to a raise of the early retirement age, also the calculation of the early retirement is intended to be subject of reforms. The new calculation mechanism should lead to less attractive early retirement payments.

The reform of the early retirement mechanisms for civil servants is part of the budget consolidation programme and the governmental programme “Agenda 2020” – see above 2.1. It has to be mentioned that the costs for early retirement of civil servants are not covered by the second pillar pension plan for civil servants, but directly by the employer, i.e. the State.

The Government estimates that by 2018, the expenditure for early retirement of civil servants will be only one-third of today's expenditures.<sup>31</sup> Beginning 2012, the proposal of the Government is at the first stage of the legislative process (Draft Law for Comments, *Vernehmlassung*). The union of public employees already expressed its discontent with the legislative proposal.<sup>32</sup>

#### **2.2.2.3 Other debates/political discourse**

Benefit fraud was a hot topic in Liechtenstein in the reporting period. The reason for the debate was not an incident of benefit fraud, but an interpellation in Parliament. A number of deputies expressed the opinion that in times of austerity measures it is necessary to investigate where

<sup>26</sup> Liechtensteiner Vaterland, *Auszug aus Geburtstags-Interview mit Fürst Hans-Adam II von und zu Liechtenstein – “Wir sollten das Rentenalter schrittweise hinaufsetzen”*, 13 February 2010; Liechtensteiner Volksblatt, *Diskussion neu entfacht: EU hält Rente mit 70 für notwendig*, 15 July 2010.

<sup>27</sup> Liechtensteiner Vaterland, *Ende der “Luxuslösungen”*, 9 June 2011; Liechtensteiner Volksblatt, *Finanzierung der AHV: Problem nur verschoben, aber nicht gelöst*, 10 June 2011; Liechtensteiner Volksblatt, *Erhöhung des Rentenalters ist für die AHV-Sanierung nicht notwendig*, 11 June 2011; Liechtensteiner Vaterland, *Kluge Reformen für ein farbenfrohes Liechtenstein: Interview mit Erbprinz Alois von und zu Liechtenstein*, 12 August 2011; Der Monat, *Walter Kaufmann: Unsicherheit der AHV, unvorstellbar?*, November 2011.

<sup>28</sup> Liechtensteiner Vaterland, *Regierung schlägt keine Abschaffung der 13. AHV-Rente vor*, 11 October 2011; Liechtensteiner Volksblatt, *Kommentar: Die Angst regiert*, 30 June 2011.

<sup>29</sup> Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 29. Juni 2011*; Liechtensteiner Volksblatt, *Finanzierung der AHV: Problem nur verschoben, aber nicht gelöst*, 10 June 2011.

<sup>30</sup> *Ibid.*

<sup>31</sup> Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Anpassung des Besoldungsgesetzes (Frühpensionierung)*, RA 2011/1754-0311 (September 2011).

<sup>32</sup> Personalverband öffentlicher Verwaltungen Liechtensteins, *Stellungnahme: Vernehmlassungsbericht der Regierung betreffend die Anpassung des Besoldungsgesetzes* (Vaduz, 11 November 2011).

benefit fraud takes place and how it can be best tackled. Relevant for this report, the Government estimates that the risk of benefit fraud with respect to old age pensions is rather low. Different appears to be the situation for supplementary benefits to old age pensions. For these means tested benefits a higher risk of fraud is assumed.<sup>33</sup> However, no numbers of benefit fraud were presented in the discussion. The media closely followed this debate.<sup>34</sup>

Moreover, Parliament and Government were confronted with a petition of a citizen of Liechtenstein. The citizen complained that his wife, who has ten different employers, is not covered by a single occupational pension scheme since her income at each of the employers is below the relevant threshold for coverage. Indeed, the threshold for coverage is only relevant in relation to an individual employer, and employees who have more employers and who only receive a rather small income from each of these employers will not be covered under the second pillar pension regime. Parliament and Government acknowledged that this may create problems, but eventually rejected the petition. According to Parliament and Government, neither lowering the threshold, nor coordinating the different incomes is a solution. Lowering the threshold would lead to (1) a rather low pension under a specific employers' pension plan, (2) higher ancillary labour costs (employers' and employees' contributions), and (3) unproportionally high administrative costs for employers and private pension institutions. From the viewpoint of Parliament and Government, coordinating the incomes from different employers would be complicated and would also lead to high administrative costs. The Government, however, will consider this issue once again, during the next revision of the Act on Occupational Pension Schemes.<sup>35</sup>

In general, there is hardly any discussion in Liechtenstein on old-age poverty. As reported in last year's *asisp Annual National Report 2011*, experts are of the opinion that Liechtenstein does not have the problem of old-age poverty. Some experts even go so far as to conclude that there is no poverty at all in Liechtenstein.<sup>36</sup>

### **2.2.3 Impact of EU social policies on the national level**

Basically, EEA EFTA countries do not participate in the OMC, as many of the OMC processes are based on Council conclusions or Title IX of the Treaty on the Functioning of the European Union. Some EU Committees, such as the Social Protection Committee established by Article 160 of the Treaty on the Functioning of the European Union, play a key role in the OMC processes. Neither the Council conclusions nor any of the other documents adopted by the Community institutions provide for EEA EFTA participation in the OMC processes. Thus, the EEA EFTA States do not have any legal right to participate, unless the OMC is part of an EU programme, in which the States participate.

This is the reason why, in general, the OMC and its objectives are not explicitly mentioned in public documents on the national level. The same applies usually for other "soft law" strategies of the EU. However, concerning the year of active ageing and solidarity between generations,

---

<sup>33</sup> Liechtenstein Government, *Interpellationsbeantwortung der Regierung betreffend den Sozialmissbrauch*, No. 96/2011 (September 2011).

<sup>34</sup> Liechtensteiner Volksblatt, *FBP-Interpellation: Hohe Hürden gegen Sozialmissbrauch*, 17 October 2011; Liechtensteiner Volksblatt, *FBP-Interpellation: Kaum Sozialmissbrauch*, 20 October 2011.

<sup>35</sup> Liechtenstein Government, *Stellungnahme der Regierung betreffend die Überprüfung der Petition zu betrieblichen Personalvorsorge*, No. 17/2011. See also Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 16. März 2011*.

<sup>36</sup> In the original language it reads: "*Es gibt keine Armut.*" See MARXER, WILFRIED (2011), *Zahlen und Fakten zur Menschenrechtssituation in Liechtenstein: Statusbericht 2011*, Vaduz, page 52.

the Liechtenstein Government announced that it will take this European Year as an opportunity to initiate projects in this field.<sup>37</sup> Further details have not been released yet.

What is more, as mentioned above under point 2.2.2.1, the 2010 EU Green Paper on Pensions was noticed by Liechtenstein's press. In particular, the fact that it recommends to increase the retirement age has been heavily discussed in the media and public.

#### 2.2.4 Impact assessment

Liechtenstein with slightly more than 36,000 inhabitants is a small country. Accordingly, the number of universities and research institutions is very limited. There are four academic institutions in Liechtenstein.<sup>38</sup> In the reporting period, none of them has carried out research in the field of social protection relevant for this report. Neither have universities and research institutions from neighbouring countries done so in respect to Liechtenstein.

Moreover, Liechtenstein is not a member of a number of international organisations, most notably, the International Monetary Fund (IMF),<sup>39</sup> the World Bank, the International Labour Organisation (ILO), or the Organisation for Economic Cooperation and Development (OECD). This is also a reason why Liechtenstein's pension system was not subject to assessments by these international organisations in the relevant period.

The Annual National Report 2009 on Liechtenstein discussed the expert report on the long-term financial stability of Liechtenstein's first pillar pension system, issued by the Institute for Insurance Economics at the University of St. Gallen, Switzerland. This expert report was already presented in 2008, but is still regularly referred to in the current discussion on reforming the *AHV*.<sup>40</sup> In addition, every five years the *AHV* institute commissions a consultancy firm, the LCP Libera AG, with an actuarial report. The last actuarial report was presented in July 2010. The report is not made public. However, data from the report constitutes a basis for the Government's reasoning in the current debate on reforming the *AHV* and hence finds its way into documents from the Government and the *AHV* institute.<sup>41</sup> The data has been referred to throughout this report.

Other or newer assessments of Liechtenstein's first and second pillar pension system were not carried out. Incidentally, there have been also no other relevant assessments, such as assessment on the labour market participation of the elderly or on poverty in old age.

<sup>37</sup> Exclusiv, *Regierungsrätin Renate Müssner: Europäisches Jahr für aktives Altern und Solidarität zwischen den Generationen*, No. 12/11, page 5.

<sup>38</sup> *Universität Liechtenstein* (University of Liechtenstein), *Private Universität im Fürstentum Liechtenstein* (Private University of Liechtenstein), *Internationale Akademie für Philosophie* (International Academy of Philosophy) and the *Liechtenstein-Institut*.

<sup>39</sup> Currently, Liechtenstein considers to join the IMF. It is still subject to discussion whether Liechtenstein will submit a membership application in 2012.

<sup>40</sup> Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagsitzung vom 29. Juni 2011*.

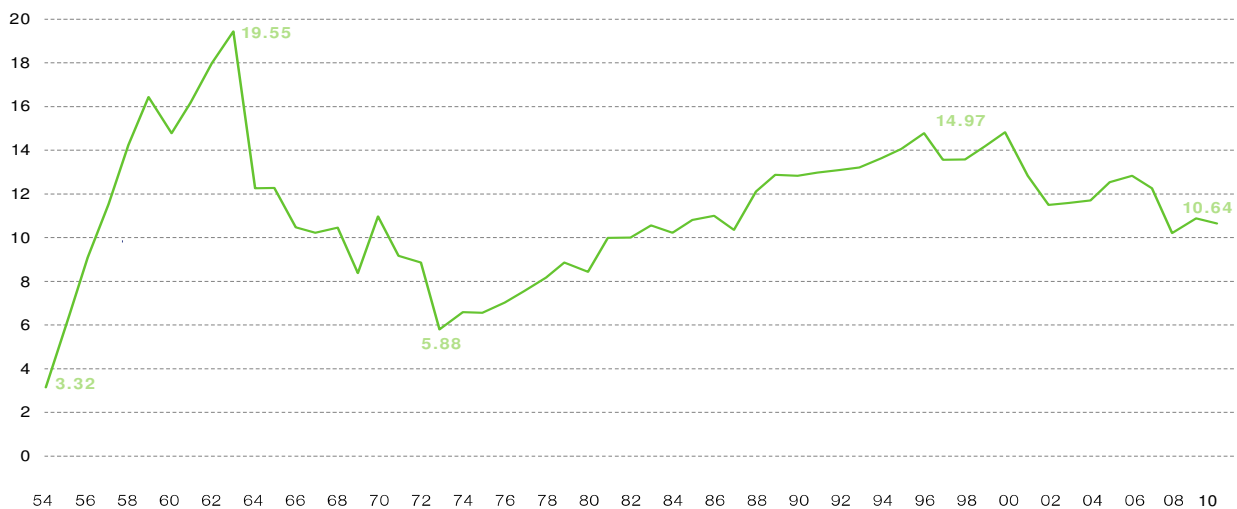
<sup>41</sup> See *AHV-IV-FAK, Geschäftsbericht 2010*; Liechtenstein Government, *Bericht und Antrag der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Massnahmen zur finanziellen Sicherung der AHV aufgeworfenen Fragen*, No. 61/2011 (May 2011); and Liechtenstein Government, *Stellungnahme der Regierung zu den anlässlich der ersten Lesung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Massnahmen zur finanziellen Sicherung der AHV aufgeworfenen Fragen*, No. 107/2011 (September 2011).

## 2.2.5 Critical assessment of reforms, discussions and research carried out

### 2.2.5.1 AHV reform

Liechtenstein's reform of the first pillar pension scheme, the *AHV*, primarily serves the purpose of consolidating the State budget – this has been also acknowledged by Government and Parliament. It is no reform to secure the *AHV*'s financial stability in a changing world, including demographic change, instability on the financial markets, and economic crisis. The question is whether a more comprehensive reform is currently necessary. Liechtenstein's *AHV* Fund has extraordinary financial reserves. End 2010, the assets of the funds amounted to CHF 2.42 billion (ca. EUR 2 billion), with only 20,000 beneficiaries of retirement and survivors' pensions. This means that the *AHV* funds would be able to pay out benefits for 10.64 years, without any income. See figure 2 below. In an international comparison, this is rather unique.

Figure 2: relationship between AHV funds and yearly expenditure (1954 - 2010)



Horizontal axis: timeline 1954 – 2010; vertical axis: AHV funds in relation to yearly expenditure (e.g. in 1996, the AHV funds was 14.97 times bigger than the annual expenditure for pensions). *Source: AHV-IV-FAK, Geschäftsbericht 2010, page 17.*

These extraordinary high financial reserves brought the expert team of the University of St. Gallen – which in 2007/2008 assessed the long-term financial stability of Liechtenstein's first pillar pension system – to conclude that there is no need for immediate action. Instead, it recommended taking action in the long run to avoid a decrease of the *AHV* funds assets.

Indeed, there seems to be no reason to take action hastily. Even in times of economic and financial crisis, and thus after the presentation of the expert report, the *AHV* funds performed well. Although 2008, the *AHV* was facing the highest loss ever in the *AHV* fund's history, CHF 185 million (ca. EUR 154 million), the relationship between *AHV* funds and annual expenditure only dropped from 12.27 (2007) to 10.27 (2008). This is not dramatic given the development of the almost 55 years before and after the incident in 2008.

On the other hand, it could be beneficial if a long-term measure was already considered now, in particular the raising of the retirement age. Such a measure would correspond to the demographic development in Liechtenstein and would have no direct negative effect on economic competitiveness, e.g. raising contributions and taxes, and on the social situation of beneficiaries, e.g. reducing benefits. A measure like raising the pensionable age needs a long period of notice, given the protection of legitimate expectations and legal certainty. In addition, initiating a raise of retirement age now with effect in the future would have the advantage that

the people are of a more understanding attitude in current times of crisis and when they will be personally affected – if at all – only in the future.

#### **2.2.5.2 Critical assessment of other reforms and discussions**

The full legal recognition of same-sex partnerships in Liechtenstein by introducing the legal institution of same-sex civil unions can be considered as a step forward. Same-sex civil unions and marriages are now treated equally, amongst other laws in pension laws. This legal reform is in line with the non-discrimination policy of the European Union and the Council of Europe.

The new measures concerning the administrative contributions to the *AHV* seem to be reasonable. It has already been mentioned in the *asisp* Annual National Report 2010 that the 2008 reform (lowering the contribution rate for administrative costs) should be accompanied by additional measures in order to ensure that there will always be sufficient financial resources for the administration of the *AHV*. Such measures have now been implemented: first, by authorising the Government to levy administrative contributions of up to 5% of the social insurance contributions, instead of 4%; second, by introducing a security mechanism so that whenever the financial reserves of the administrative cost accounting equal less than one-third or more than two-third of the annual administrative costs, the administrative contribution rate has to be adapted by the Government.

The proposal of the Government to reform the early retirement rules for civil servants (raise of early retirement age, less attractive calculation mechanism for early retirement pensions) has to be welcomed. In particular, as during the last review of the pension plan for civil servants in 2008, almost exclusively measures on the revenue side were taken and hardly any measures with respect to expenditures. This fact was already criticised in the *asisp* Annual National Report 2009.

Less positive is the Government's and Parliament's reaction to the citizen-petition concerning non-coverage under occupational pension plans in case of marginal work for multiple employers at the same time. Indeed, lowering the threshold for mandatory participation in occupational pension plans or coordinating the income of different employers would come along with higher administrative and additional labour costs. However, occupational pension plans are mandatory in Liechtenstein. This means that in contrast to most other European countries, the second pillar plays a prominent role in Liechtenstein's old age security policy. Against this background, it is difficult to understand why a person who has a strong attachment to the labour force, but not to one single employer, is not covered under Liechtenstein's second pillar pension regime. Other countries which operate mandatory occupational pension plans succeed in providing solutions for such situations. Switzerland, for instance, offers voluntary insurance for multiple, marginal employment and obliges the different employers to also contribute to this insurance. This appears to be an effective measure to secure sufficient income in old age.

## **2.3 Health Care**

### **2.3.1 The system's characteristics and reforms**

#### **2.3.1.1 Characteristics**

Every person residing or working in Liechtenstein is subject to mandatory health insurance (*obligatorische Krankenpflegeversicherung – OKP*).<sup>42</sup> In 2009, 36,346 persons were covered by

---

<sup>42</sup> Article 7(1) of the Health Insurance Act (*Krankenversicherungsgesetz – KVG*) (LGBl. 1971 Nr. 50).

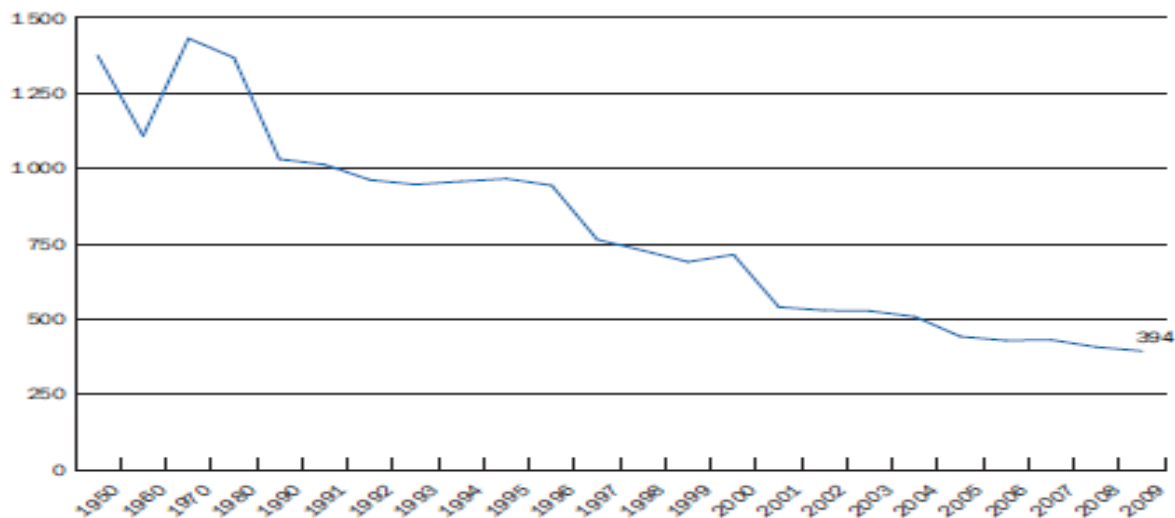


the Liechtenstein health care system, of which ca. 95% are residing in Liechtenstein.<sup>43</sup> An insured person may seek treatment from every health care provider who has a contractual relation with the Liechtenstein Health Insurance Funds' Association (*Liechtensteinischer Krankenkassenverband – "LKV"*). This contract allows the health professional to provide services subject to agreed tariffs with the insurance funds. If a professional association exists for a medical profession (e.g. Chamber of Doctors), it can conclude a contract with the LKV, which is valid for all professionals which are member of this association. This concept is subject to the principle of territoriality, which means that the LKV can only conclude agreements with foreign service providers, if the professional association agrees to it.

All health care providers being connected to the LKV can directly claim the reimbursement of their services with the three existing health insurance funds (*CONCORDIA*, *SWICA* and *freiwillige Krankenkasse Balzers - FKB*). Thus, the patient does not have to pay the treatment in advance (benefit-in-kind system). In case a health professional is not linked with the LKV ("private doctor"), the insurance funds reimburse 50% of the costs the insured had to pay to the service provider, who is also not bound by the tariffs of the LKV. For the rest, the patient has to cover the costs himself or take out a private supplementary insurance (*Zusatzversicherung*).

Since 2004, only a restricted number of health care providers are allowed to be part of the public health care system (*Bedarfsplanung*).<sup>44</sup> It is the LKV and the Chamber of Doctors (*Ärzttekammer*) that decide on the number of doctors under the public system.<sup>45</sup> Currently, about 110 doctors having a permission from the Office of Public Health (*Amt für Gesundheit*) to practise in Liechtenstein are linked to the public health care system.<sup>46</sup> This number has been steadily growing in the past, as shown in the table below, where the number of doctors in relation to patients is presented over the years.

Figure 3: Doctors in Liechtenstein 1950-2009 (patients per doctor)



Source: Office of Statistics, *Statistisches Jahrbuch Liechtenstein 2011*, page 262.

<sup>43</sup> Office of Statistics, *Statistisches Jahrbuch Liechtenstein 2011*, page 257. The new statistical yearbook is only published in March 2012. Therefore, the data is the same as in last year's asisp Annual National Report.

<sup>44</sup> Between 1999 and 2004, a system of family-doctor was in place (*Hausarztsystem - Gesundheitsnetz Liechtenstein (GNL)*). A doctor was either part of the public system (100% reimbursement for patient) or not (0% reimbursement). This system was introduced after the accession to the EEA, a consequence of which was that doctors from other EEA States were increasingly settling in Liechtenstein.

<sup>45</sup> Article 16(2) of KVG.

<sup>46</sup> List on website of *Amt für Gesundheit* ([http://www.llv.li/il-pdf-llv-ag-aerzteliste\\_november.pdf](http://www.llv.li/il-pdf-llv-ag-aerzteliste_november.pdf)), last consulted on 14 February 2012.

When it comes to hospital treatment, no contract is concluded with the *LKV*, but with the Liechtenstein Government, which has the responsibility to provide for hospitals, care homes and other institutions in the field of health care. There exist more than 20 agreements with medical institutions outside of Liechtenstein, primarily Switzerland and Austria, in which the free access of persons insured under the Liechtenstein health care system is agreed.<sup>47</sup> In this case, the medical institution has direct access to the Liechtenstein insurance funds and the patient does not have to pay in beforehand for the services. If an insured person seeks treatment in a foreign hospital without agreement, reference tariffs are applied, where the patient has to provide for a co-payment.

The Liechtenstein health care system is financed via contributions from insured persons and the employers (*Prämien*), co-payments for services (*Kostenbeteiligung*) and State subsidies (*Staatsbeitrag*).

The contributions are not calculated as a percentage of income, but per capita (*Kopfprämien*). Children up to the age of 16 are exempted from this rule, persons until the age of 20 pay only 50%. Persons under a certain threshold of annual income may profit from a reduction up to 40% of the amount of the contributions (*allgemeine Prämienverbilligung*). For couples the threshold is currently CHF 54,000 (ca. EUR 45,000) and for singles it is CHF 45,000 (ca. EUR 37,000).<sup>48</sup> For persons in full employment in 2012, the contributions corresponding to CHF 259 (ca. EUR 215) per month, increased by 1.8%,<sup>49</sup> which is lower than last year's 6,7% increase, are paid 50% by the employer and 50% by the employee.<sup>50</sup>

Persons between the age of 21 and 65 have to pay CHF 200 (ca. EUR 165) as yearly lump-sum co-payment plus 10% of the actual costs for every service. For 'original' medication the co-payment is 20%, if the medication could be replaced by generic medication and no medical assessment would oppose the application of the latter medication, otherwise also 10%. The maximum for co-payments per year is CHF 600 (ca. EUR 500). This total of CHF 800 (ca. EUR 665) is reduced to 50% for persons having reached the retirement age of 65. Persons up to the age of 21 do not have to pay co-payments for health care services.

The State finances the health care in particular via three instruments, accounting for about 25% of State subsidies in the health care field:

- Co-financing of health insurance funds by general reduction of contributions (*allgemeine Prämienverbilligung*), for children.
- Replacement of contributions for economically weak persons by special reduction of contributions (*individuelle Prämienverbilligung*).
- Support for hospitals by general reduction of contributions.

The remaining 75% are located to the health insurance funds. The amount of State subsidies (*Staatsbeitrag*) is fixed for every year based on Article 24(a)(2) KVG (Health Insurance Act (*Krankenversicherungsgesetz - KVG*)). While until 2010, the amount was increasing yearly reaching its peak in 2010 with CHF 57 million (ca. EUR 43 million for 2010), in 2011, the

<sup>47</sup> See list on website of the *LKV* (<http://www.lkv.li/Links/tabid/1018/language/de-CH/Default.aspx>), last consulted on 14 February 2012.

<sup>48</sup> See website of *Amt für Gesundheit* ([http://www.llv.li/il-pdf-llv-ag-merkblatt\\_2011.pdf](http://www.llv.li/il-pdf-llv-ag-merkblatt_2011.pdf)), last consulted on 14 February 2012.

<sup>49</sup> Liechtensteiner Vaterland, *Krankenkassenprämien steigen erneut*, 5 December 2010.

<sup>50</sup> Article 22(8) KVG and see website of *Amt für Gesundheit* ([http://www.llv.li/amtstellen/llv-ag-versicherung/llv-ag-versicherung-krankenversicherung\\_neu/llv-ag-versicherung-krankenversicherung-praemien.htm](http://www.llv.li/amtstellen/llv-ag-versicherung/llv-ag-versicherung-krankenversicherung_neu/llv-ag-versicherung-krankenversicherung-praemien.htm)), last consulted on 14 February 2012.

amount was lowered to CHF 54 million (ca. EUR 41 million).<sup>51</sup> The latest date from 2009 shows that State subsidies constitute 59% of the total health care costs in Liechtenstein.<sup>52</sup>

### **2.3.1.2 Reforms**

#### **2.3.1.2.1 State subsidies**

Every year the amount of State subsidies to the OKP has to be determined (Article 24(1) KVG) and is subject to heated discussions in Parliament. According to the Health Insurance Act, State subsidies are determined by two indicators, namely the development of costs in the field of health care and the financial situation of the State. In the past years, the amount of subsidies (not including subsidies for children) was rising from CHF 43 million (ca. EUR 33 million) in 2006 to CHF 57 million (ca. EUR 43 million) in 2010. This is a plus of CHF 14 million (ca. EUR 11 million) over four years. In regard of this context, the discussion in the *Parliament* on the Government proposal to reduce the subsidies by CHF 3 million to CHF 54 million (ca. EUR 41 million), took place in June 2010.<sup>53</sup>

The current proposal to keep the amount at CHF 54 Million (ca. EUR 41 million) was agreed in the view that the financing of the health care system is currently being fundamentally reviewed (see point 2.3.2.1), which foresees a general reduction of the State subsidies to CHF 34 million. It seemed therefore not necessary to reduce the amount in the meantime.<sup>54</sup>

Nevertheless, controversial opinions were brought forward in the parliamentary discussion, i.e. decreasing the State subsidies means that the insured have to pay higher contributions and/or co-payments which would lead to inequalities in access to health care. Moreover, the reform is merely a proposal and not has not yet been adopted by Parliament and therefore it is not clear whether or when it would enter into force.

#### **2.3.1.3 Transparency of health service providers**

On 29 March 2010, an initiative of ten deputies was introduced to the Parliament concerning the publication of turnovers of service providers in the medical sector, including doctors, therapists, hospitals, etc. The purpose of this initiative was to create a legal basis that enables the Office of Public Health to publish the turnover of medical service providers anonymously in order of categories of services. This should lead to more transparency of the system concerning money flows and to filter out the “black sheep” in the system. After controversy discussions, the initiative was adopted in Parliament and has entered into force on 1 January 2011.

However, the Chamber of Doctors refused to go along with such a proposal as these numbers could lead to wrong conclusions. Representatives of the Association of Health Service Providers (*Dachverband von Berufen der Gesundheitspflege*) commented that there is data already now available, which allows to trace money flows and to detect the “black sheep” in the system. The competent authorities were even informed in the past about irregularities, but have failed to act in those cases. Moreover, the amendment is to be seen as contradictory to the Liechtenstein Constitution and should be abolished by the Constitutional Court.<sup>55</sup>

---

<sup>51</sup> See discussion below at point 2.3.1.2.1.

<sup>52</sup> Liechtensteiner Vaterland, *Staat zahlt mehr als Versicherte*, 25 May 2010.

<sup>53</sup> Liechtenstein Government, *Bericht und Antrag der Regierung betreffend den Staatsbeitrag an die Kosten der obligatorischen Krankenpflegeversicherung der übrigen Versicherten für das Jahr 2011*, No. 75/2010 (June 2010).

<sup>54</sup> Liechtenstein Government, *Bericht und Antrag der Regierung betreffend den Staatsbeitrag an die Kosten der obligatorischen Krankenpflegeversicherung der übrigen Versicherten für das Jahr 2012*, No. 70/2011 (June 2011).

<sup>55</sup> Liechtensteiner Vaterland, *Hohe Transparenz bei Gesundheitskosten*, 3 December 2010.

The Constitutional Court rejected the action against the Parliament, but mentioned that the immediate publication of the statistics would not be in line with the Constitution either. The Chamber of Doctors could request a declaratory injunction (*Feststellungsverfügung*) to clarify how the numbers will be presented before being published. The Chamber of Doctors voiced the intention to request this.<sup>56</sup> However, no such action was taken before the cut-off date of this report.

### **2.3.1.3.1 New tariffs for health care providers**

The background: In 2003, the Liechtenstein health care system caused costs of CHF 103 million (ca. EUR 78 million). Compared to 1996, this was an increase of 69%. It was the primary objective to stop this increase of costs. It showed that 30% of those costs were linked to service provided by doctors. In 2004, the Liechtenstein Government proposed to incorporate the Swiss tariff system called, TARMED, in Liechtenstein. In December 2005, the Chamber of Doctors rejected the whole concept without any founded arguments.<sup>57</sup> In the end, the LKV and the Chamber of Doctors agreed in 2006 to a tariff system based on the existing system, which was accepted by the Government. Nevertheless, the discussions of introducing a different tariff system never silenced.

The reform: The LKV and Chamber of Doctors finally agreed on a new tariff system for doctors in the end of August 2010. Even though not the whole package was agreed, the most important tariffs were concluded, in particular for ambulant care, and including a solution to the long-disputed automatic indexation of cost of living for the doctors. This proposal was accepted by the Government in November 2010.

However, in the following, the Chamber of Doctors accused the Government of a “breach of contract” in relation to an automatic indexation mechanism which was amended by the Government as follows: in the first four years after the introduction of the new tariff will be no inflation adjustment for the doctors. In the following years, the increase in tax-point-value (*Taxpunktwerte*) based on inflation adjustment of civil servants, but only if the cumulative inflation rate during those four years reaches at least 4.0 %. Consequently, if the salaries of civil servants in Liechtenstein during past four years only raise 3.9 %, the doctors go empty-handed.

After a long deadlock, the LKV, by declaration of 23 March 2011, accepted the proposal as amended by the Government.<sup>58</sup> However, the Chamber of Doctors insisted on its initial position. A roundtable discussion in June 2011 was supposed to break the ice, but no agreement could be found.<sup>59</sup> Eventually, in November 2011, the Chamber of Doctors agreed to drop the automatic indexation and to go along with the proposed changes of the Government.<sup>60</sup>

## **2.3.2 Debates and political discourse**

In the Governmental programme “*Agenda 2020*”, under the heading “increase quality of life”, the objectives in the field of health care were explicitly addressed. In this context, the overall objective of the maintenance of equal access to high-level health care for everyone was emphasised. To this end, the adaptation of the system to the ageing of the population and thus

---

<sup>56</sup> See discussion in the Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 22. Dezember 2011*, pages 1403-1404.

<sup>57</sup> See discussion in the Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 16. Dezember 2005*, page 2358.

<sup>58</sup> See website of LKV ([lkv.li](http://lkv.li)) and Liechtensteiner Vaterland, *Arzttarif: Kassen tragen Beschwerde nicht mit*, 24 March 2011.

<sup>59</sup> Liechtensteiner Vaterland, *Arzttarif: Den Stillstand aufbrechen*, 17 September 2011.

<sup>60</sup> Liechtensteiner Vaterland, *Arzttarif: Ärztekammer lenkt ein*, 16 November 2011.

guaranteeing the sustainability of the system is envisaged by introducing elements of self-responsibility.

However, already before having published the “*Agenda 2020*”, a major initiative had been started with a request from the Parliament for a report on an overview of the Liechtenstein health care system, in particular illustrating scenarios about how the Liechtenstein health care system could or should develop in the future. This report was submitted by Governmental Bill (*Bericht und Antrag*) No. 51/2010 on 4 May 2010.<sup>61</sup> The report of nearly 400 pages was prepared by all relevant institutions, involving also independent experts. Although about 40 measures were presented, no concrete recommendations were given.<sup>62</sup> The Government committed to present a Master-plan in the second quarter of 2011 based on these measures.

### **2.3.2.1 Health care reform**

As promised, the Government presented a proposal of wide ranging changes in the Liechtenstein health care system in form of a Draft Law for Comments (*Vernehmlassung*) for public consultation until September 2011.<sup>63</sup> Only the main points can be mentioned here. The background of the reform is the disproportionate increase of the State contributions to finance the system. Hence, the reform should rebalance the share of finance between State and patients by reducing the annual State contribution by CHF 20 million (ca. EUR 16.6 million) to CHF 34 million (ca. EUR 28.2 million). Moreover, this budget should in the future be determined by simple regulation issued by the Government and not anymore by a law adopted by Parliament.

On the patient side this approach entails a change from fixed costs towards service related costs, meaning not the general contributions should be increased but the co-payments whenever health care is required. In numbers, this means an increase from CHF 200 (ca. EUR 165) to CHF 1,500 (ca. EUR 1,250) of the yearly lump-sum co-payment for persons between 21 and 65. Furthermore, the 10% co-payment for the actual costs of the service should be increased to 20%, but the maximum amount is reduced from CHF 600 (ca. EUR 500) to CHF 500 (ca. EUR 415). Young persons between 16 and 21 were so far excluded from paying general contributions. It is now proposed that they would have to pay 50% of the amount of what the regular working population has to pay.

In order to compensate for the increase in co-payments and contributions, the Government would like to enlarge the scope of application of the system of reduction of contributions (*Prämienvverbilligung*). First of all the income ceiling should be considerably raised, from CHF 45,000 (ca. EUR 37,000) for singles and CHF 54,000 (ca. EUR 45,000) for married couples to CHF 65,000 (ca. EUR 54,000) and 78,000 (ca. EUR 65,000) respectively. Secondly, the division of levels of reduction of contributions shall be threefold (40, 60 and 80%) and not twofold (only 40 and 60%) as until now. This would not only enable more support for low-income persons but also broader support to more persons than before, as a consequence of increase of income levels.

So far, patients of non-contractual service providers were reimbursed 50% of the total costs. According to the new proposal this should be 0% in the future. However, a supplementary insurance is being integrated in the OKP system, which will cover 100% of the costs if the patient pays increased contributions.

---

<sup>61</sup> Liechtensteiner Vaterland, *Wegweiser für Gesundheitswesen*, 8 May 2010.

<sup>62</sup> See discussion in the Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 26. Juni 2010*, pages 674-701.

<sup>63</sup> Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Abänderung des Gesetzes über die Krankenversicherung*, RA 2010/2993-6360 (June 2011).

Another concept should decrease the cost of the health insurance funds: so far only the *LKV* could contract tariffs for a specific services provider, by which all funds were bound. Now, funds can individually contract providers which offer more favourable tariffs.

It is in generally acknowledged that the current health care system has to undergo substantial changes, individual aspects (in particular the increase of costs for the patients) are however disputed.

### **2.3.2.2 Liechtenstein State Hospital**

The Liechtenstein State Hospital (*Liechtenstein Landesspital – LLS*) was built in its present form more than 30 years ago. In three decades of medical progress, requirements have changed. Now, apparently operating rooms are inadequate and the medical technology is outdated.

Therefore, on 25 July 2008, the Government set up a working group with the aim of laying the groundwork for the possible renovation or new construction. The *LLS* consists of representatives of the Ministry of Health, social services, the city engineering office, the hospital itself and external specialists. Many reports and initiatives were prepared over the years, which were reported about in the asisp Annual National Reports of 2009 and 2010.

Finally, the analysis resulted in a proposal foreseeing the construction of a new hospital for a guaranteed sum of CHF 83 million (ca. EUR 69 million), whereby the capacities of the hospital should be extended but not its competences. This means that further cooperation with hospitals in Switzerland, Austria and Germany should be kept. The Parliament adopted this proposal on 28 June 2011. However, more than 1000 signatures against it were collected by the opposition, which made the bill subject to a referendum. This referendum took place on 28-30 October 2011 and resulted in a majority of the votes opposing the project.

Consequently the bill was withdrawn and a new board of the hospital was appointed 1 January 2012. As the perspective of the hospital is currently very uncertain, some doctors threatened to quit their jobs.<sup>64</sup> The Committee having initiated the referendum requested from the responsible member of Government to propose a new strategy and offered its cooperation.<sup>65</sup>

### **2.3.2.3 Effectiveness/Expdience/Economic Efficiency-Assessment (WZW-Verfahren)**

Already back in August 2008, the Government at the time submitted an initiative for amendments of the Health Act concerning a reinforcement of the *WZW-Verfahren* by obliging the health insurance funds to document the auditing control in a yearly report. After a public consultation, this proposal was on hold for a while, but a slightly amended version has been submitted to the Parliament for a first reading on 8 February 2011.<sup>66</sup>

It foresees that as a basic rule the Office of Public Health is responsible for assessing the yearly reports of the health insurance funds in the light of economic efficiency. The service providers shall reduce the treatments based on the necessity of each individual patient, which has to be documented. The health insurance funds inform the Health Insurance Funds' Association (*LKV*) about their reimbursements, which shall issue statistics. Based on this information the Association will assess whether the individual service provider was acting in accordance with the principles of the *WZW-Verfahren*. The Chamber of Doctors may be consulted. In case of unjustified services, the reimbursement may be claimed back from the service provider.

---

<sup>64</sup> Liechtensteiner Vaterland, *Kündigungen liegen noch keine vor*, 17 December 2011, and *Wir hoffen, eine gute Lösung für die Zukunft zu finden*, 21 January 2012.

<sup>65</sup> Liechtensteiner Vaterland, *Eckwerte für ein neues Spitalkonzept präsentiert*, 10 December 2011.

<sup>66</sup> Liechtenstein Government, *Bericht und Antrag betreffend die Abänderung des Gesetzes über die Krankenversicherung*, No. 8/2011 (February 2011).

The proposal was controversial in Parliament and several questions were raised during the first reading.<sup>67</sup> The most criticised aspect of the proposal was that the control should be extended not only to double check the bill submitted by the doctor, but also whether the actual service provided was appropriate. This aspect raised doubts in terms of independence of doctors and data protection and privacy for patients.<sup>68</sup> A second reading has not yet taken place.

### **2.3.3 Impact of EU social policies on the national level**

See at point 2.2.3 where the particular situation of the EEA EFTA States is explained. No explicit mention of EU social policies was found in public documents in Liechtenstein in the field of health care.

### **2.3.4 Impact assessment**

Reference is made to point 2.2.4, where the particular situation of Liechtenstein is explained. In none of the listed institutions and organisations, or other institutions in Liechtenstein any relevant assessment concerning the reforms in the health care sector in Liechtenstein were published.

### **2.3.5 Critical assessment of reforms, discussions and research carried out**

It has to be mentioned positively that disputed issues concerning new tariffs for health care providers and their transparency have been solved.

On the patient side, a major reform is in the pipeline, which will, if adopted, change substantially the circumstances of patients. The foreseen cut of CHF 20 million (ca. EUR 17 million) should be compensated by new tariffs and obviously by contributions/co-payments on the patient side. It remains to observe, whether the amount can actually be compensated. Even though the participation of patients will rise from CHF 800 to CHF 2,000 per year, plus the younger generation aged 16-21 will also have to contribute 50% of the general contribution amount, it remains to be seen in how far the broader application of the “reduction of premiums” system (*Prämienverbilligung*) will reduce the expected higher financial contribution of the patients. Certainly, the increase in co-payments from 10% to 20% and the reduction of reimbursement from 50% to 0% of non-contractual service providers will reduce the number of medical consultations as a whole. Still, it remains to be observed whether the access to health care will lead to social inequalities.

More problematic is the issue of the state hospital. It is undisputed that something has to be done with the old hospital, but the criticism of the opposition was that the concept of the future scope and cooperation with other regional hospitals has not been clear enough to agree to a project of a new building. This seems to be a very complex issue as it also involves hospitals in other countries that have to accept a certain way of cooperation and guarantee the availability of capacities when needed.

---

<sup>67</sup> Liechtensteiner Vaterland, *Stärker in der Pflicht*, 18 March 2011.

<sup>68</sup> See discussion in the Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 17. März 2011*, pages 268-301.

## 2.4 Long-term Care

### 2.4.1 The system's characteristics and reforms

#### 2.4.1.1 Characteristics

Liechtenstein's long-term care system has been subject to major reforms in recent years. In last year's asisp Annual National Report, the previous legislation has been presented and contrasted with the new legislation. This time, only the new system's characteristics will be described here.

Long-term care is provided in Liechtenstein either in care institutions or at home. There are five care institutions and one point of information: Haus St. Florin in Vaduz, Haus St. Laurentius in Schaan, Haus St. Mamertus in Triesen, Haus St. Martin in Eschen, and Alters- und Pflegeheim Schlossgarten in Balzers, as well as the Kontakt- und Beratung Alterspflege (KBA) in Vaduz. All these institutions – except for the Alters- und Pflegeheim Schlossgarten – are run by the Foundation for Old-age and Invalidation Assistance (*Liechtensteinische Alters- und Krankenhilfe – LAK*). Since recently, the LAK is a foundation under public law. In addition to operating care institutions, the LAK serves as central contact point for consultation for and execution of tasks in relation to long-term care. It is mainly funded by the municipalities and the Government.

Care at home is predominantly provided by family members, by commercial carers and by family assistance associations (*Familienhilfvereine*). Commercial carers usually come from outside Europe, in particular from Brazil. However, more and more care nurses are coming from the new EU Member States.<sup>69</sup> Sometimes the legal status of these migrant workers is not clarified, which pushes them to the verge of illegality. Family assistance associations are organised on the regional level, being supported by their federal association (*Verband Liechtensteinischer Familienhilfen*). State and municipalities support the budget of the six family assistance associations by 30% each. The remaining 40% self-financing part is accomplished via billable services towards insurance carriers, membership fees or donations.

There are two kinds of cash-benefits relating to long-term care: (1) the attendance allowance (*Hilflosenentschädigung*) and (2) the care allowance (*Pflegegeld*).<sup>70</sup>

(1) Attendance allowance is available for persons with residence in Liechtenstein, when they are helpless and when they are not entitled to attendance allowance under the accident insurance. Attendance allowance is granted irrespectively of the applicant's economic circumstances. The allowance is not covering ailments of birth or invalidity. A person is considered to be helpless if he/she permanently requires a considerable degree of help from third persons or personal surveillance in order to carry out daily tasks, like getting up, getting dressed and undressed, nutrition, personal hygiene and social interaction. The term 'permanently' implies that the state of helplessness has been present without substantial interruptions during the previous three months for persons over the age of 65, for persons under this age the relevant period is one year.

Three levels of need of care are distinguished for persons below the age of 65, first, second and third degree (*leicht, mittel und schwer*). Persons above 65 receive the allowance, only if they are at least dependent in the second degree, except a first-degree dependency has already existed before reaching the age of 65. A first-degree dependence level is defined as either being unable to perform two daily tasks or being dependent on continuous supervisions or being

---

<sup>69</sup> Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 20. Juni 2007*, page 1098-1117.

<sup>70</sup> Both benefits have their legal basis in the Gesetz vom 10. Dezember 1965 über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (Act on Supplementary Benefits), (LGBI. 1965, No. 46).



dependent on special care due to a particular ailment or being able to keep social contacts only with the help of a third person due to a particular ailment. The second degree of dependency is defined as being unable to perform most of the daily tasks or being unable to perform two daily tasks and being dependent on continuous supervisions. A third degree of dependency refers to complete helplessness. This is the case when a person is unable to perform all daily tasks and needs continuous supervision.<sup>71</sup>

In 2011, the helplessness allowance amounted to CHF 464 (ca. EUR 385), CHF 696 (ca. EUR 578) and CHF 928 (ca. EUR 770) per month depending on the level of helplessness. These amounts equal 40%, 60% and 80% of the minimum retirement pension level respectively. The allowance is financed from the general budget.

The attendance allowance is not supplementing any other social benefit provided by Liechtenstein, meaning that the allowance is awarded irrespectively of whether the recipient is entitled to a sickness benefit or a pension on any other basis. It is administered by the Old-Age and Survivors' Insurance institute (AHV institute).

In 2010, 379 persons received Liechtenstein's attendance allowance. This means that the number of attendance allowance recipients has held steady in recent years: 2009: 382 recipients; 2008: 371 recipients.<sup>72</sup> As a result, the expenses for the attendance allowance have held steady as well: 2010: CHF 3.69 million; 2009: CHF 3.72 million; 2008: CHF 3.47 million.

(2) The care allowance has been introduced 1 January 2010 and replaces the home care benefit (*Leistung bei häuslicher Pflege*). Eligibility to care allowance depends on residence in Liechtenstein, as well as on physical or mental disorder of at least one month and the associated need for support to perform daily tasks.<sup>73</sup> The age of the applicant is irrelevant. The benefit is not means-tested, as this would put the dependent person in a worse position at home than in a care home, which should be avoided. The attendance allowance is granted in addition and shall not reduce the care allowance. The care allowance is not taxable, however, the allowance is to be taxed from the caring person as income and accordingly social contributions have to be paid.

The care allowance can only be used for paying the expenses for carers. To this end, a payment on account is made by the AHV institute, which administers the care allowance. Subsequently, after receiving the invoices, a settlement of accounts is made. The amount of the care allowance depends on the degree of care dependency. At maximum, it equals CHF 180 (ca. EUR 150) per day. This amount will be regularly indexed to prices. The maximum level of the benefit is set at this amount, as it comes close the costs of institutionalised care. It is envisaged that at that point the limits of possible home care are reached.

The care allowance is financed from general taxation, so no specific contributions are levied. Half of it is financed by the State and half by the communes.

In 2010, 244 persons received the care allowance. The costs for this new benefit amounted to CHF 7 million (ca. EUR 5.8 million) in 2010.<sup>74</sup> This means that the actual costs for the first year were between 40% and 55% higher than what the Government estimated before the introduction of the care allowance – also because more people than expected receive the new

<sup>71</sup> Article 41bis Verordnung vom 1. Dezember 1981 zum Gesetz über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (Ordinance to the Supplementary Benefits Act), (LGBl. 1982, No. 5).

<sup>72</sup> See AHV-IV-FAK, Geschäftsbericht 2010.

<sup>73</sup> Article 3octies Gesetz vom 10. Dezember 1965 über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (Act on Supplementary Benefits), (LGBl. 1965, No. 46).

<sup>74</sup> See AHV-IV-FAK, Geschäftsbericht 2010.

benefit.<sup>75</sup> Moreover, the first numbers for 2011 show an increase of care allowance recipients and costs: In the first eight months of 2011, 281 people received the benefit, resulting in costs of CHF 5.2 million (EUR 4.3 million).<sup>76</sup>

#### **2.4.1.2 Reforms**

In the reporting period, there has been only one relevant legal amendment: a clarification of the funding mechanism for institutionalised care of people in need. Due to a vague provision in the Social Assistance Act, there has been uncertainty on whether the State alone or the State and the communities in equal parts have to bear the costs for care of indigent people in public care institutions.<sup>77</sup> Until 2006, the cost were shared between the State and communities. In the years 2007 and 2008, the State exclusively bore the cost, because of a differing interpretation of the Social Assistance Act. From 2009 on, the costs have been shared again. Now the law states clear and unambiguous that the State and the communities have to share the costs.<sup>78</sup>

In 2009, the costs for institutionalised care of indigent people amounted to CHF 1.23 million (ca. EUR 1.03 million), and in 2010 to CHF 1.46 million (ca. EUR 1.21 million ). In other words, in 2010 communities contributed to the funding with CHF 730,000 (ca. EUR 605,000). Not surprisingly, communities opposed the interpretation of shared funding and objected the revision of the Social Assistance Act.<sup>79</sup>

#### **2.4.2 Debates and political discourse**

In the previous asisp Annual National Reports on Liechtenstein, it was reported that Liechtenstein reformed its long-term care system on the basis of three pillars: prevention, home care, institutionalised care. In the reporting period of this year's National Report, debates and discussions particularly with regard to home care can be observed.

When introducing the new care allowance, Government and Parliament were at one that additional measures need to be conducted in order to ensure an adequate infrastructure for home care. To this end, a project had been started together with the family assistance associations, to find a way to create a more efficient and effective framework for home care. However, according to the Government, this project did not work well. Therefore, the project has been restarted under the direction of the Ministry of Social Affairs. The set targets of the new project include the following ones:

- one family assistance association for whole Liechtenstein;
- one contact point for advice in the field of home care;
- central coordination of all services;
- avoidance of duplication of effort;
- higher transparency;
- simplification of structures;
- provision of services on the weekends and during night-time;

<sup>75</sup> See Liechtenstein Government, *Bericht und Antrag der Regierung betreffend Abänderung des Gesetzes über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (ELG) und weiterer Gesetze (Einführung eines Betreuungs- und Pflegegeldes bei Hauspflege)*, No. 162/08 (November 2008).

<sup>76</sup> Liechtensteiner Volksblatt, *Betreuungs- und Pflegegeld: Mehr Bezieher als 2010*, 23 September 2011.

<sup>77</sup> Article 27 (1) Sozialhilfegesetz vom 15. November 1984 (Social Assistance Act), (LGBl. 1985, No. 17).

<sup>78</sup> Gesetz vom 24. November 2011 über die Abänderung des Sozialhilfegesetzes, (LGBl. 2012, No. 6).

<sup>79</sup> Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 22. September 2011*.

- service level agreements between association and State/communities;
- and evaluation of services.

This project is currently being undertaken. Nevertheless, in 2011 there has been some political discussion on the infrastructure of home care. In more detail, in 2010 ten members of the FBP group in Parliament brought forward a postulate requesting solutions for issues in the field of home care. The postulate addressed the following problems: first, the financial and administrative burden due to a possible employer-employee relationship between the person in need for care and the carer; second, the problem to find qualified carers due to a lack of a pool of carer; and third, the lack of foreign carers due to too restrictive immigration policy.<sup>80</sup>

Concerning the first issue, when the person in need for care does not turn to a family assistance association or any other organisation, but instead to a family member or another individual, the person in need for care becomes the employer and hence has to pay, amongst others, social insurance contributions for the carer. The Government defends this system. According to the Government, carers should have the same social insurance protection as any other employees and there would be no reason to create a special category of employees. The Government, however, acknowledges that there can be an administrative burden for the person in need for care. This burden is to a certain extent eased by the work of the Information and Advice Centre for Elderly People (*Informations- und Beratungsstelle Alter – IBA*). In addition, the Government announced that it set up an initiative to bring together retired accountants and retirees with similar skills which offer their support to people in need for care, against a contribution towards expenses.

Regarding the problem to find qualified carer personnel due to a lack of a pool of carer, the Government referred to its current project (which has been outlined above), in particular to the objective to create one single family assistance association.

Concerning the last issue, i.e. the lack of foreign carers, the Government is of the opinion that there is no need to ease immigration laws. It is the strategy of the Government to build up the necessary care infrastructure within Liechtenstein.<sup>81</sup> This reaction of the Government was criticised in Parliament, as there is already now the problem of illegal employment of foreigners.<sup>82</sup>

Another topic discussed in Parliament has been the introduction of a care insurance. A member of Parliament wanted to know whether the Government still pursues the idea of a care insurance. The Government replied that the idea is still there. However, due to the fact that this is a rather complex matter, which would have a considerable impact on Liechtenstein's social insurance structure, it is too early to even decide on a timeframe.<sup>83</sup>

### **2.4.3 Impact of EU social policies on the national level**

See at point 2.2.3 where the particular situation of the EEA EFTA States is explained and where reference is made to the announcement of the Government to take the European Year of active ageing and solidarity between generations as an opportunity to initiate projects in this field.

---

<sup>80</sup> FBP parliamentary group, *Postulat betreffend die häusliche Betreuung und Pflege*, 20 October 2010.

<sup>81</sup> Liechtenstein Government, *Postulatsbeantwortung der Regierung betreffend die häusliche Betreuung und Pflege*, No. 71/2011, 7 June 2011.

<sup>82</sup> Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 28. Juni 2011*.

<sup>83</sup> Parliament of the Principality of Liechtenstein, *Kleine Anfragen: Betreuungs- und Pflegegeld und Pflegeversicherung*, 21/22 September 2011.

#### **2.4.4 Impact assessment**

Reference is made to point 2.2.4 where the particular situation of Liechtenstein with regard to analysis from within and outside Liechtenstein is presented. So far, none of the relevant institutions has published an impact assessment of the three pillar long-term care reform.

#### **2.4.5 Critical assessment of reforms, discussions and research carried out**

Already 2007, Liechtenstein has initiated a major reform of its long-term care system. In recent years this reform has been implemented step by step. At the beginning of 2012, many improvements in the areas prevention, home care and institutionalised have been realised. This relates, amongst other achievements, to the establishment of the Information and Advice Centre for Elderly People, to the increase of the capacity of places in long-term care institutions (through building new care institutions and rebuilding the existing ones), and to the introduction of the care allowance. The latter benefit is 40% higher than its predecessor benefit and covers also light-level dependent persons.

The efforts of Liechtenstein's Government must be appreciated. One area of concern, however, is the availability of sufficient, qualified care personnel, in particular for home care. As already criticised in the last asisp Annual National Reports, the availability of care personnel has not been tackled with the same urgency and attention as the introduction of the care allowance. The postulate of the FBP party brought this issue back to the centre of attention. Nevertheless, the Government sees no need for urgent action and rather pursues a long-term strategy in this regard. There is nothing wrong with the long-term strategy to train Liechtensteiners and foreign residents to become long-term care professionals. The Government suggested, for instance, to train and retrain those returning to work after having a family. However, there is an actual need for carers already now. This is demonstrated by the difficulty to find qualified personnel and by the unauthorised foreign employment in this sector. Thus, in that respect, the Government is called upon to provide an immediate solution.

### **2.5 The role of social protection in promoting active ageing**

#### **2.5.1 Employment**

Liechtenstein's social protection systems incorporate a number of mechanisms to promote employment of the elderly. To begin with, people who delay taking their pension are rewarded in Liechtenstein. Under Liechtenstein's first pillar pension scheme, the *AHV*, pension rates are increased for every month of deferral between age 65 and age 70. It should be recalled that the normal retirement age in Liechtenstein is 64. The increase amounts to between 5.22% (retirement at age 65) and 40.71% (retirement at age 70). Also second pillar schemes reward longer careers. Liechtenstein's employer pension plans are usually fully funded schemes, where a delayed retirement results in higher savings premiums and higher interest credits. In addition, the conversion rate will be increased in case of deferred retirement. Depending on the pension plan, the conversion rate will usually be increased between 0.1% and 0.2% per year.

In addition to rewarding deferred retirement, Liechtenstein's pension system discourages early retirement. People who retire before age 64 face a permanent reduction of their *AHV* pension. In more detail, currently the reduction amounts to between 3% at age 63 (from 1 January 2016 on: 5.5%) and 16.5% at age 60 (from 1 January 2016 on 19.5%). Also second pillar pension schemes discourage early retirement. In contrast to deferred retirement, early retirement leads to lower savings premiums, lower interest credits and a decrease of the conversation rate. One particular second pillar pension plan is the pension plan for civil servants. Also, early retirement leads to loss of pension income. Currently the Government plans to introduce a new

calculation mechanism in order to make early retirement less attractive. In addition, the earliest possibility for retirement of civil servants is intended to be raised from age 60 to age 62.

Working while drawing pension benefits is possible under Liechtenstein's *AHV* scheme. It is even possible for early retirement pensioners. In addition, economically active people who attain the normal pensionable age, i.e. 64 years of age, are exempted from paying contributions to Liechtenstein's *AHV*. That is to say, there is no longer the obligation to pay *AHV* contributions with respect to employees and the self-employed. Hence, older workers pay less social security contributions. This and the possibility to continue working while drawing benefits, provides an incentive for the employment of the elderly.

A mandatory retirement age does not exist in Liechtenstein. Elderly people are not forced to stop working – neither under labour law, nor under collective agreements.

### **2.5.2 Participation in society**

In recent years, the Government has promoted volunteer work for the elderly. As part of its strategy on active ageing and ageing in dignity<sup>84</sup> and consequently as part of its three pillar long-term care reform, the Government established the Information and Advice Centre for Elderly People (*Informations- und Beratungsstelle Alter – IBA*). Amongst other tasks, this centre advises the elderly on working opportunities, in particular on volunteer work. In addition, the centre trains people to accompany and motivate the elderly in volunteer work.

If we look at the role of social protection in volunteer work of the elderly, we see the following picture. For quite some time, organisations which work with volunteers complained that even compensation payments (in money or in kind), such as commuting expenses, are subject to social insurance contributions.<sup>85</sup> This caused administrative time and effort for the organisations and, because it is about rather small payments, yielded little for the volunteer. The Institutions for Old-Age and Survivors' Insurance, Invalidity Insurance and Family Allowance Fund reacted to this criticism and have recognised compensation payments up to CHF 350 (ca. EUR 290) per month as expenses which are not subject to contributions.<sup>86</sup> This exceptional rule is not applicable to persons who are in an employee-employer relationship to the organisation. The elderly, at least people up to 64 years of age, profit from this rule when they engage in volunteer work. From the attainment of the normal retirement age on, elderly people can engage in volunteer work without possible compensation payments being subject to social insurance contributions. Because older volunteers are usually anyway socially protected (through their residence, their employment or their receipt of a pension), these rules can be considered as stimulating volunteer work of the elderly.

### **2.5.3 Healthy and autonomous living**

In 2007, Liechtenstein initiated a new strategy to promote active ageing and ageing in dignity. This strategy has been implemented by a major reform of Liechtenstein's long-term care system. The reform has been based on three pillars: prevention, home care and institutionalised care. For more information on this reform see above point 2.4 on long-term care as well as the last years' *asisp* Annual National Reports on Liechtenstein. Although the capacity of institutionalised care places has been extended, the priority of the new long-term care system is to enable people to live at home as long as possible. This has been made possible by the introduction of the new care allowance and the building up of a home care infrastructure. Not

---

<sup>84</sup> This strategy was presented in 2007.

<sup>85</sup> VU parliamentary group, Postulat zur Förderung der Ehrenamtlichkeit und der Freiwilligenarbeit, May 2006.

<sup>86</sup> *AHV*, Merkblatt über ehrenamtliche Tätigkeit und Freiwilligenarbeit, March 2007.

everything is realised until now. In particular the home care infrastructure still lacks some necessary features, like the availability of sufficient, qualified care personnel.

The focus on prevention should be also mentioned here. Under prevention basically all measures are to be understood, which avoid or delay the dependency on care. Reinforced preventive measures shall not only avoid phenomena like loneliness, dementia or depression, but also address issues like safety at home. In this regard, an initiative was started in a collaboration of the Office for Public Health (*Amt für Gesundheit*) and the senior citizen professional group (*Fachgruppe für Senioren*), dealing with the issue to reduce sources of potential danger in the household (prophylaxis of falls). International studies confirm that the reduction of falls of senior citizens is the most effective way to prevent cases of care. Upon request, a subgroup of the professional group will check a household for potential sources of danger by means of a checklist (furniture, stairs, loose cables, etc). The senior citizen can then receive advice how to increase safety in his living space. What is more, the Government established the Information and Advice Centre for Elderly People (*IBA*). The mission statement of this centre is to promote an active, safe and autonomous living, to support the self-reliance and personal responsibility, and to accompany the elderly. To this end the centre offers a number of services, which include: volunteering; organisation of holidays as well as trips for seniors; the offering of courses; information and advice for institutions, lobby groups, politicians etc; public relations work; production of information material; and advice for elderly persons as well as their family members.

## **References**

- AHV (2007), Merkblatt über ehrenamtliche Tätigkeit und Freiwilligenarbeit, March 2007, Vaduz.
- AHV-IV-FAK (2011), Geschäftsbericht 2010, Vaduz.
- DER MONAT (2011), Walter Kaufmann: Unsicherheit der AHV, unvorstellbar?, November 2011.
- EXCLUSIV (2011), Regierungsrätin Renate Müssner: Europäisches Jahr für aktives Altern und Solidarität zwischen den Generationen, No. 12/11.
- FBP PARLIAMENTARY GROUP (2010), Postulat betreffend die häusliche Betreuung und Pflege, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2008), Bericht und Antrag der Regierung betreffend Abänderung des Gesetzes über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (ELG) und weiterer Gesetze (Einführung eines Betreuungs- und Pflegegeldes bei Hauspflege), No. 162/08, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2009), Bericht und Antrag der Regierung zur Finanzplanung 2010-2014, No. 100/2009, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2010), Bericht und Antrag der Regierung betreffend das Maßnahmenpaket zur Sanierung des Landeshaushalts, No. 73/2010, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2010), Bericht und Antrag der Regierung betreffend den Staatsbeitrag an die Kosten der obligatorischen Krankenpflegeversicherung der übrigen Versicherten für das Jahr 2011, No. 75/2010, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2010), Bericht und Antrag der Regierung zur Finanzplanung 2011-2015, No. 126/2010, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2010), Vernehmlassungsbericht der Regierung betreffend die Schaffung eines Gesetzes über die eingetragene Lebenspartnerschaft gleichgeschlechtlicher Paare (Lebenspartnerschaftsgesetz, LPartG) sowie die Änderung weiterer Gesetze, RA 2009/3026-0141, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Bericht und Antrag betreffend die Abänderung des Gesetzes über die Krankenversicherung, No. 8/2011, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Bericht und Antrag der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV, No. 61/2011, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Bericht und Antrag der Regierung betreffend die Genehmigung der Landesrechnung für das Jahr 2010, No. 68/2011, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Bericht und Antrag der Regierung betreffend den Staatsbeitrag an die Kosten der obligatorischen Krankenpflegeversicherung der übrigen Versicherten für das Jahr 2012, No. 70/2011, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Interpellationsbeantwortung der Regierung betreffend den Sozialmissbrauch, No. 96/2011, Vaduz.

- LIECHTENSTEIN GOVERNMENT (2011), Press release of 2 March 2011 on the Government website “ausgewogen2015”, retrieved on 14 February 2012 at <http://ausgewogen2015.li/ausgewogen>.
- LIECHTENSTEIN GOVERNMENT (2011), Stellungnahme der Regierung betreffend die Überprüfung der Petition zu betrieblichen Personalvorsorge, No. 17/2011, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Stellungnahme der Regierung zu den anlässlich der ersten Lesung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Massnahmen zur finanziellen Sicherung der AHV aufgeworfenen Fragen, No. 107/2011, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Vernehmlassungsbericht der Regierung betreffend die Abänderung des Gesetzes über die Krankenversicherung, RA 2010/2993-6360, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Vernehmlassungsbericht der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV, RA 2010/3024-6000, Vaduz.
- LIECHTENSTEIN GOVERNMENT (2011), Vernehmlassungsbericht der Regierung betreffend die Anpassung des Besoldungsgesetzes (Frühpensionierung), RA 2011/1754-0311, Vaduz.
- LIECHTENSTEINER VATERLAND (2010), Auszug aus Geburtstags-Interview mit Fürst Hans-Adam II von und zu Liechtenstein – “Wir sollten das Rentenalter schrittweise hinaufsetzen”, 13 February 2010.
- LIECHTENSTEINER VATERLAND (2010), Wegweiser für Gesundheitswesen, 8 May 2010.
- LIECHTENSTEINER VATERLAND (2010), Staat zahlt mehr als Versicherte, 25 May 2010.
- LIECHTENSTEINER VATERLAND (2010), Hohe Transparenz bei Gesundheitskosten, 3 December 2010.
- LIECHTENSTEINER VATERLAND (2010), Krankenkassenprämien steigen erneut, 5 December 2010.
- LIECHTENSTEINER VATERLAND (2011), Stärker in der Pflicht, 18 March 2011.
- LIECHTENSTEINER VATERLAND (2011), Arzttarif: Kassen tragen Beschwerde nicht mit, 24 March 2011.
- LIECHTENSTEINER VATERLAND (2011), Forderung nach “enkeltauglichem” Liechtenstein, 20 May 2011.
- LIECHTENSTEINER VATERLAND (2011), Ende der “Luxuslösugen”, 9 June 2011.
- LIECHTENSTEINER VATERLAND (2011), Ab 2015 weniger Geld für die AHV, 30 June 2011.
- LIECHTENSTEINER VATERLAND (2011), Kluge Reformen für ein farbenfrohes Liechtenstein: Interview mit Erbprinz Alois von und zu Liechtenstein, 12 August 2011.
- LIECHTENSTEINER VATERLAND (2011), Arzttarif: Den Stillstand aufbrechen, 17 September 2011.
- LIECHTENSTEINER VATERLAND (2011), Regierung schlägt keine Abschaffung der 13. AHV-Rente vor, 11 October 2011.



- LIECHTENSTEINER VATERLAND (2011), Arzttarif: Ärztekammer lenkt ein, 16 November 2011.
- LIECHTENSTEINER VATERLAND (2011), Eckwerte für ein neues Spitalkonzept präsentiert, 10 December 2011.
- LIECHTENSTEINER VATERLAND (2011), Kündigungen liegen noch keine vor, 17 December 2011.
- LIECHTENSTEINER VATERLAND (2012), Wir hoffen, eine gute Lösung für die Zukunft zu finden, 21 January 2012.
- LIECHTENSTEINER VOLKSBLATT (2010), Diskussion neu entfacht: EU hält Rente mit 70 für notwendig, 15 July 2010.
- LIECHTENSTEINER VOLKSBLATT (2010), Pensionskassen geht es wieder besser, 16 July 2010.
- LIECHTENSTEINER VOLKSBLATT (2011), Finanzierung der AHV: Problem nur verschoben, aber nicht gelöst, 10 June 2011.
- LIECHTENSTEINER VOLKSBLATT (2011), Erhöhung des Rentenalters ist für die AHV-Sanierung nicht notwendig, 11 June 2011.
- LIECHTENSTEINER VOLKSBLATT (2011), Kommentar: Die Angst regiert, 30 June 2011.
- LIECHTENSTEINER VOLKSBLATT (2011), Betreuungs- und Pflegegeld: Mehr Bezieher als 2010, 23 September 2011.
- LIECHTENSTEINER VOLKSBLATT (2011), FBP-Interpellation: Hohe Hürden gegen Sozialmissbrauch, 17 October 2011.
- LIECHTENSTEINER VOLKSBLATT (2011), FBP-Interpellation: Kaum Sozialmissbrauch, 20 October 2011.
- LIECHTENSTEINER VOLKSBLATT (2011), AHV: Landtag zwingt Regierung nun zum Handeln, 22 October 2011.
- MARXER, WILFRIED (2011), Zahlen und Fakten zur Menschenrechtssituation in Liechtenstein: Statusbericht 2011, Vaduz.
- OFFICE OF STATISTICS (2011), Aktuelle Entwicklung: 4. Ausgabe 2011, December 2011, Vaduz.
- OFFICE OF STATISTICS (2011), Statistisches Jahrbuch Liechtenstein 2010, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2005), Protokoll über die öffentliche Landtagssitzung vom 16. Dezember 2005, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2010), Protokoll über die öffentliche Landtagssitzung vom 26. Juni 2010, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2011), Kleine Anfragen: Betreuungs- und Pflegegeld und Pflegeversicherung, 21./22. September 2011, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2011), Protokoll über die öffentliche Landtagssitzung vom 16. März 2011, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2011), Protokoll über die öffentliche Landtagssitzung vom 17. März 2011, Vaduz.

- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2011), Protokoll über die öffentliche Landtagssitzung vom 28. Juni 2011, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2011), Protokoll über die öffentliche Landtagssitzung vom 29. Juni 2011, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2011), Protokoll über die öffentliche Landtagssitzung vom 22. September 2011, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2011), Protokoll über die öffentliche Landtagssitzung vom 20. und 21. Oktober 2011, Vaduz.
- PARLIAMENT OF THE PRINCIPALITY OF LIECHTENSTEIN (2011), Protokoll über die öffentliche Landtagssitzung vom 22. December 2011, Vaduz.
- PERSONALVERBAND ÖFFENTLICHER VERWALTUNGEN LIECHTENSTEINS (2011), Stellungnahme: Vernehmlassungsbericht der Regierung betreffend die Anpassung des Besoldungsgesetzes, 11 November 2011, Vaduz.
- VU PARLIAMENTARY GROUP (2006), Postulat zur Förderung der Ehrenamtlichkeit und der Freiwilligenarbeit, Vaduz.

### 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; R2]** FINANZMARKTAUFSICHT LIECHTENSTEIN, Geschäftsbericht 2010, 2011, Vaduz, p. 88, retrieved from: <http://www.fma-li.li/>

“Annual report 2010”

The annual report of the Financial Market Authority Liechtenstein (Finanzmarktaufsicht, FMA) gives an overview of the agency’s activities throughout the preceding year. Part of the FMA’s competences is the supervision of second pillar pension plans. In this regard, the annual report provides a concise review of Liechtenstein’s employers’ pension plans. Amongst other informations, information is given on the financial situation of the second pillar pension plans, on combating fraud in this context, and on the future developments. The report is usually available for public in May of the subsequent year.

**[R1; R2]** LIECHTENSTEINISCHE AHV-IV-FAK, Geschäftsbericht 2010, 2011, Vaduz, p. 70, retrieved from:

[http://www.ahv.li/fileadmin/webmaster\\_files/Jahresbericht/AHV\\_Jahresbericht\\_2010.pdf](http://www.ahv.li/fileadmin/webmaster_files/Jahresbericht/AHV_Jahresbericht_2010.pdf)

“Annual report 2010”

The annual activity report of the Old-Age and Survivors’ Insurance (AHV), the Invalidity Insurance (IV) and the Family Allowance Office (FAK) reports on the agencies’ activities of the preceding year. Most notably, the report gives in depth information on the insurances’ financial situation in the accounting year. This includes, for instance, details on annual returns, on developments of the funds, on financial reserves, on insured people and beneficiaries. What is more, an outlook on future developments of the insurances is provided. The report is usually available for public in May of the subsequent year.

**[R1; R2; R5]** LIECHTENSTEIN GOVERNMENT, Ressortbericht 2010: Soziales, 2011, Vaduz, p. 8, retrieved from: [http://www.llv.li/pdf-llv-rk\\_rb2010\\_soziales.pdf](http://www.llv.li/pdf-llv-rk_rb2010_soziales.pdf)

“Departemental report 2010: Social affairs”

The departemental report informs about developments in the field of social affairs during the reporting period. Moreover, the activities of the social service office (Amt für Soziale Dienste) are outlined. Concerning the elderly, the report includes information on old-age policy, income support, complementary benefits and first pillar retirement pensions.

**[R2; H2; H3]** MARXER, Wilfried, Zahlen und Fakten zur Menschenrechtssituation in Liechtenstein: Statusbericht 2011, December 2011, Vaduz, p. 122, retrieved from:

[http://www.regierung.li/uploads/media/Bericht\\_2011\\_final.pdf](http://www.regierung.li/uploads/media/Bericht_2011_final.pdf)

“Numbers and facts to the human rights situation in Liechtenstein: status report 2011”

Wilfried Marxer, director of the Liechtenstein-Institut, has been commissioned by the Government of Liechtenstein to annually produce a report on human rights, equal opportunities, racism and discrimination in the country. The first report was presented in January 2011, the second one in December 2011. The report aims to collect and present data in above-mentioned areas, not least to comply with obligations under international human rights treaties. Relevant for this report, also data on demographic development, employment, old age security, health policy, social insurance and social assistance are presented.

### **[H] Health**

**[H1; H5]** AMT FÜR STATISTIK, Krankenkassenstatistik 2010, 2011, retrieved from:

<http://www.llv.li/pdf-llv-as-kk2010>

“Health insurance funds statistics 2010”

Statistics concerning the performance of the health care funds in Liechtenstein.

**[H1; H5]** LIECHTENSTEINISCHE ALTERS- UND KRANKENHILFE (LAK), Jahresbericht 2010, 2011, retrieved from:

[http://lak.li/Portals/0/Content/PDF/Jahresberichte/LAK\\_JB\\_2010.pdf](http://lak.li/Portals/0/Content/PDF/Jahresberichte/LAK_JB_2010.pdf)

“Annual report 2010”

The LAK informs about activities, policies, financial issues and statistics concerning the institutions which are covered by the umbrella of the LAK.

**[H1; H4; H5]** LIECHTENSTEINISCHES LANDESSPITAL (LLS), Geschäftsbericht 2010, 2011, retrieved from:

[http://www.landesspital.li/Portals/31/docs/LLS\\_Jahresbericht\\_2010.pdf](http://www.landesspital.li/Portals/31/docs/LLS_Jahresbericht_2010.pdf)

“Annual report 2010”

The hospital management informs about activities, policies, financial issues and statistics concerning the LLS.

**[H1; H2; H4; H5]** SLEMBECK, Tilman, Expertise über die Volkswirtschaftliche Bedeutung der Spitalversorgung im Fürstentum Liechtenstein, 14 February 2011, retrieved from:

<http://www.volksblatt.li/pdf/LLS-Gutachten-Slembeck-final.pdf>

“Expertise on the economic impact of hospital care in Liechtenstein”

A study for the Liechtenstein Government concerning the macroeconomic impact of different strategies concerning the Liechtenstein State Hospital (LLS). The author, a professor of economics at the Zurich University of Applied Sciences, concludes that it actually does matter where national health insurance funds pay the money to. Thus, it has an economic effect in macro-economic terms that the money stays in the country. Moreover, also intangible aspects have to be taken into account, like the security of having a fully fledged hospital and be self-sufficient in that respect.

## 4 List of Important Institutions

### Amt für Gesundheit – **Office of Public Health**

Address: Äulestrasse 51, Postfach 684, 9490 Vaduz, Fürstentum Liechtenstein

Webpage: <http://www.llv.li/amtsstellen/llv-ag-home.htm>

*The Office of Public Health is part of the Government of Liechtenstein. It is entrusted to deal with all issues related to health. This concerns in particular initiatives for prevention (“bewusst(er)leben”) and preventive check-ups, the provision of health services, licensing doctors including the recognition of professional qualifications of health professionals of other EEA States, etc. Once a year, the Office issues a report (Abschlussbericht). The information on the website is only available in German.*

### Amt für Statistik – **Office of Statistics**

Address: Äulestrasse 51, Postfach 684, 9490 Vaduz, Fürstentum Liechtenstein

Webpage: <http://www.as.llv.li>

*The Office of Statistics is part of the Government of Liechtenstein. Since 1 January 2009, the Agency has been re-established as an independent Governmental agency. Between 1976 and 2008 it was part of the Office of Economic Affairs. The Office of Statistics is entrusted by law to provide statistics to the Government, the municipalities and the public. Statistics are to be provided in the field of society, economy and environment. In more detail and worth mentioning, statistics as to social security, health, public finances, employment and unemployment and economic development must be produced. Annually, about 60 publications are issued. The most important recurring publication is the annual statistical report (Statistisches Jahrbuch). Most publications can be downloaded from the website for free. Information on the webpage is in German only. Some publications are also available in English.*

### Ärzttekammer – **Chamber of Doctors [unofficial translation]**

Address: Essanestrasse 93, 9492 Eschen, Fürstentum Liechtenstein

Webpage: <http://www.aerzttekammer.li>

*The Medical Association was set up primarily to improve the trust between doctors and patients, to improve the medical support in general in Liechtenstein, to guarantee a high level of qualifications of health professionals, to support the relations of doctors amongst each other and to guarantee a professional behaviour of doctors. It covers all doctors which have received the permission of the Office of Public Health to perform the profession of a doctor in Liechtenstein. On its website it provides information for patients and doctors, and up-dates on issues where the Medical Association is involved. In particular all relevant legal; Acts and ordinances are provided for on the website and can be downloaded. The information is provided in German only.*

### Finanzmarktaufsicht Liechtenstein (FMA) – **Financial Market Authority Liechtenstein**

Address: Landstrasse 109, Postfach 279, 9490 Vaduz, Fürstentum Liechtenstein

Webpage: <http://www.fma-li.li>

*The FMA is an authority governed by public law. Its main task is the supervision of Liechtenstein’s financial market. For this report it is relevant to mention that the FMA is also entrusted with the supervision of second pillar pension plans and pension funds. Main*

recurring publication is the FMA's annual report, which devotes one section to employer pension plans and pension funds. Information on the webpage is available in German and in English.

**Konjunkturforschungsstelle Liechtenstein (an der Hochschule Liechtenstein) - KOFL – Economic Research Institute [unofficial translation]**

Address: Fürst-Franz-Josef-Strasse, 9490 Vaduz, Fürstentum Liechtenstein

Webpage: <http://www.kofl.li>

*The KOFL is set up as the centre of research in relation to economic development in Liechtenstein. It provides research, reports and statistics on economic development in Liechtenstein on macroeconomic issues and financial policy. The projects, papers articles and other publications are available on the website. Most of them are only available in German language. Some of these publications also touch upon the social situation in Liechtenstein, e.g. the impact of economy on health and pensions and vice versa.*

**Liechtensteinische Alters- und Hinterlassenenversicherung, Invalidenversicherung und Familienausgleichskasse (AHV-IV-FAK Anstalten) – Institutions for Old-Age and Survivors' Insurance, Invalidity Insurance and Family Allowance Fund**

Address: Gerberweg 2, Postfach 84, 9490 Vaduz, Fürstentum Liechtenstein

Webpage: <http://www.ahv.li>

*The AHV institute, as part of the AHV-IV-FAK institutions, is an institution under public law, which administers Liechtenstein's first pillar pension of the same name. The institute registers all insured persons and their employers, collects premiums and disburses benefits. The AHV yearly publishes an activity report, which gives an overview over the legal and financial situation of the insurance. Information on the webpage is in German only.*

**Liechtenstein-Institut – Liechtenstein Institute [unofficial translation]**

Address: Auf dem Kirchhügel, St. Luziweg 2, 9487 Barenden, Fürstentum Liechtenstein

Webpage: <http://www.liechtenstein-institut.li>

*The Liechtenstein-Institute is a private, not for profit organisation, which was founded in 1986. It is engaged in teaching and research in the areas law, political science, economics, social sciences and history. From time to time, research projects with relevance for social policy are carried out. Working papers can be downloaded for free from the webpage. However, information on the webpage is in German only.*

**Liechtensteinischer Krankenkassenverband (LKV) – Liechtenstein Health Insurance Funds' Association [unofficial translation]**

Address: Auring 52, Postfach 281, 9490 Vaduz, Fürstentum Liechtenstein

Webpage: <http://www.lkv.li>

*The LKV is the umbrella organisation of the three health insurance funds in Liechtenstein. Its main tasks is the negotiation of tariffs with the health professionals and set up contracts with them, to defend the interests of the three insurance funds, representing the funds in public, participation in diverse expert commissions, collecting statistics and, last but not least, being an information pool for the health service providers and patients. The LKV provides information, in particular regular up-dates on changes in the Health Act and the related ordinances. Once a year, a summary of all legislative changes of effect for health care is issued as information directed to the insured persons (Merkblatt für Versicherte). The information on the website is only available in German.*

**Ressort Soziales – Ministry of Social Affairs**

Address: Regierungsbäude, Peter-Kaiser-Platz 1, Postfach 684, 9490  
Vaduz, Fürstentum Liechtenstein

Webpage: <http://www.regierung.li/index.php?id=57>

*The social security systems in Liechtenstein are mainly under the responsibility of the Ministry of Social Affairs. Amongst other competences, the Ministry has competences in the field of social policy in general, statutory social insurance and social assistance, and long-term care.*

**Stiftung Liechtensteinische Alters- und Krankenhilfe (LAK) – Foundation for Old-age and Invalidity Assistance [unofficial translation]**

Contact person: Cornelia Rheinberger (Management assistant)

Address: Bahnstrasse 20, 9494 Schaan, Fürstentum Liechtenstein

Webpage: <http://www.lak.li>

*The LAK has been founded as a private foundation in 1971 and has been transformed into a foundation under public law in 2010. The LAK serves as central contact point for consultation and for execution of tasks in relation to long-term care. It is financed by the communes and the Government. It links individual care institutions as umbrella organisation. It issues a yearly Report in German. The website is in German only.*

---

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>