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

Annual National Report 2012

Pensions, Health Care and Long-term Care

Romania

March 2012

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

Gesellschaft für Versicherungswissenschaft und -gestaltung e.V.

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1 Executive Summary

After two consecutive years of economic decline caused by the global crisis, in 2011 the Romanian economy resumed its growth, recording a 4.3% increase in real GDP in the third quarter of 2011 as compared to the same period of 2010. The unemployment declined from 7.8% in 2009 to 6.9% in 2010 and furthermore to 5.1% at the end of December 2011. The inflation was brought down to 3.1% in December 2011, compared to the same month of the previous year. Since July 2011 the net wage rate in the economy started to increase significantly, at a monthly rate of 8 to 9%.

The most important reform in the public system of pensions is the adoption of Law 263/2010 on the unified pension system, which brings several major changes in terms of retirement age, standard and minimum contributory periods, integration of special regimes in the public system, and the mechanism for calculating the pension point. The law will have a significant (positive) impact on the system. The government expects that the measures will reduce noticeably the pension expenditures over medium and long run, such that the current deficit will be brought to manageable levels.

As the main reform in the private pension system, the parliament adopted the Law 187/2011, which establishes the Guarantee Fund (GF). The GF has two roles: To guarantee the payment of benefits if the pension funds fail to fulfil their payment obligations, and to finance pensions in case when pension fund companies come under strain because of increased longevity.

The reforms in the health care sector concerned the continuation of hospitals decentralisation and reorganisation, the adoption of the law on the introduction of a co-payment mechanism for medical services, and the submission to public debate of a new law on reforming the health care system.

The reorganisation of hospitals is based on a new classification methodology that divides the 347 units concerned by the process into five categories, ranging from highest competence (category I) to the lowest one (category V).

With more than one year delay as initially planned, in November 2011 the parliament adopted the Law 220/2011 introducing the co-payment of medical services, which entered into force on January 1st 2012.

The most important reform initiative in the sector was the elaboration of the Law on the organisation of the health care system, which offers a more flexible juridical framework for the organisation of hospitals in order to improve their efficiency and the quality of medical services. This represents the most important reform initiative of the whole post-communist period. However, due to strong contestation from political opposition, trade unions and a part of the population, the government was forced to abandon this initiative. Moreover, the street protests forced the government to resign; a new cabinet was nominated in February, which announced a slightly different policy direction in the sector.

Private health develops rapidly in Romania and is expected to reach EUR 1 billion in 2013. The most recent survey concludes that 20% of population used in April 2011 private medical establishments. For 70% of them, a better quality of services represents the main reason for this option.

No important reforms occurred in 2011 in the long term care, except a draft law on the list of quality standards for residential centres hosting disabled children.

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

2.1 Overarching developments

After two consecutive years of economic decline due to the global crisis, in 2011 the Romanian economy resumed its growth, recording a 4.3% increase in real GDP in the third quarter of 2011 as compared to the same period of 2010. The unemployment declined from 7.8% in 2009 to 6.9% in 2010 and furthermore to 5.1%by the end of 2011. The inflation was brought down to 3.1% in December 2011 as compared to the same month of the previous year. Since July 2011, the net wage rate in the economy started to increase significantly, at a monthly rate of 8 to 9%.[1]

The data of October 2011 census was recently published by the statistical office. The Romanian population (19 million persons) represents at present only 87.8% of its 2002 level and respectively 83.5% of the number of inhabitants recorded in 1992. Practically, the population declined to the level existing in 1966 (Vioreanu, 2012).

The reforming process of the social protection sector, initiated in 2009 as a response to the global crisis, continued in 2011. A new pension law was passed by the parliament, which unifies the various retirement regimes existing under the previous law. In the health care sector a new legislative initiative was opened to public debate, expected to produce major changes in the system. The social assistance services were completely revised, their number reduced, and the granting criteria adjusted to bring more efficiency in their delivery.

A new labour code was adopted, which significantly increases the flexibility of the labour market and drastically penalises the informal employment practices. Despite numerous controversies on the opportunity to change the labour code, in eight months since its implementation the unemployment has declined considerably, the wage rate has increased rapidly and the informality in the economy has been reduced substantially.

The world economic crisis has forced the Romanian government to adopt a prudent spending policy. The focus on austerity measures in 2010 was replaced by cautious policies of savings, increased efficiency in using public resources and careful monitoring of public expenditures. The minimum wage has been frozen for two consecutive years (2009 and 2010), while the increase for 2012 is relatively modest (by only 4.5%, which is almost 3 times lower than the previous adjustment). The pension point has equally remained unchanged since October 2009 and, for budget consolidation purposes, is intended to stay at the current level at least in the first semester of 2012.

The crisis has therefore imposed a reorientation of social protection policies of the country. In 2009, the adopted measures focused on stimulating the economic activity, the employment and the investment, while trying to protect the low income groups of population. The low efficiency of these measures obliged the government to reorient its policy in 2010 towards more austerity. It is only in 2011 when the Romanian authorities understood that the only solution to cope with the problems is to adopt real reforms in the sector, aimed at bringing effectiveness in spending resources, better targeting of beneficiaries and more equity in distribution. Radical measures were therefore adopted in 2011 (some of them unpopular) despite the fact that 2012 is an electoral year and those reforms may compromise the chances of the current political coalition to be re-elected. The choice of the reforming path was unavoidable because of the critical

[1] Data from BNR (2011).

situation in the social protection sector. To a significant extent, this choice was also the result of an increasing pressure from international institutions, in particular the IMF and the EU. For example, the decision to tackle the problem of informality in the economy came after the signature of a memorandum with the EC for combating the undeclared work in June 2009.

The current political coalition in power is committed to maintain the same direction of social protection reforms in the future. It is the first time in many years when a government opted for such radical measures, some of them being for the first time adopted since the fall of communism (the unification of pension regimes, for example). However, there are good chances that the current opposition will win the elections and adopt a different trend of reforms in the sector.

This is because the conflicting situation between the coalition in power and the opposition intensified during the last two years. Practically all the reforming initiatives of the government were blocked by the opposition in the parliamentary commissions, which forced the ruling coalition to pass certain laws by a special procedure through which the government assumed its full responsibility in the parliament. When adopted, the legislative measures were constantly contested by the opposition in the Constitutional Court, in spite of the fact that most of the laws initiated by the government were agreed with international institutions and sometimes their adoption represented a clear IMF conditionality for loan disbursement.

The political environment is therefore improper for a reform consensus, particularly in the social protection sector. Given the unpopular character of certain measures, the opposition tries to build political capital for the coming elections on this unpopularity, which has proved successful until now. Although the government – and sometimes the President himself – invited the opposition to debates on the measures to be adopted, a real and democratic debate does not exist.

The two main opposition parties (Social-Democrats and Liberals), although ideologically very different, formed a Social-Liberal Union with the declared objective to block any initiative of the government and to destitute the president. The alliance mobilised sufficient support from population to force the government in January 2012 to withdraw from public consultations the Health Care Law, although this document represented the most significant reforming initiative of the sector since the fall of communism. With the large support from opposition, the street protests – although not numerous in terms of number of participants – forced the government to resign on February 6.

2.2 Pensions

2.2.1 The system's characteristics and reforms

The Romanian pension system consists of a public (compulsory) scheme of PAYG type (Pillar I) and two privately administrated schemes – one compulsory (Pillar II) and the other voluntary (Pillar III). A separate special regime exists in the public system (the "service pensions") for magistrates, judges and prosecutors.

The public system provides old-age, disability, survivor and social pensions, as well as decease allowances for insurer and/or his/her family members. *Old-age pensions* are granted if the beneficiary has the standard retirement age and completed the minimum contributory period. The standard contributory period is lower in case of arduous and very arduous working conditions, for certain categories of handicaps, respectively for political prisoners of the communist regime. Table 1 below presents the main retirement conditions presently existent in Romania.

Table 1: Current retirement conditions in Romania (February 2012)

Condition	**Standard (y=years; m=months)**		**Military and police personnel**	
	Men	***Women***	***Men***	***Women***
Age of retirement	64y and 3m	59y and 3m	55y and 3m	
Minimum contribution period	13y and 6m		15 y and 3 m	
Full contributory period	33y and 6m	28y and 6m	20y and 6m	

Source: Based on Law 263/2010: http://www.isjbihor.ro/isj/doc/legis/Sistemul-unitar-de-pensii-publice.pdf

Early retirement is allowed by law under two schemes: anticipated retirement, respectively partially anticipated retirement. In the first case the pension is granted if the beneficiary has maximum 5 years below the standard retirement age and if his/her period of contribution exceeds by at least 8 years the standard contributory period. The partially anticipated retirement is possible if the beneficiary has maximum 5 years below the standard age of retirement and s/he completed the standard contributory period. The partially anticipated pension is reduced by 0.75% for each month below the standard retirement age. Both the anticipated and partially anticipated pensions cannot be cumulated with a salaried income.

The *survivor pension* is granted to the insurer's children until the age of 16 (26 if student) or spouse if s/he has the retirement age and if the marriage lasted for at least 10 years.[2] The amount of the survivor pension depends on the number of survivors entitled to this benefit: the full pension is granted for at least three survivors, 75% in case of two survivors, and 50% when the deceased insurer has only one survivor.

The eligibility for a *disability pension* is conditional to the lost of at least half of the working capacity of the insured person. If this is unrelated to professional activity, the demander must have a minimum contributory period in order to benefit from a disability pension, which depends on his/her age (Table 2). No condition on the duration of contributions is imposed if the ability to work is lost during the exercise of the activity, for specific diseases (AIDS, schizophrenia), and for persons who lost this working capacity during the revolution of December 1989. In addition to the pension, the disabled persons with major handicaps benefit from an *accompaniment allowance* that represents 80% of the pension point value.

[2] If the marriage lasted for at least 15 years the survivor is entitled to the full benefit. If the marriage lasted less than 15 years but at least 10 years, the pension is reduced by 0.5% for each month.

Table 2: Minimum contributory period for entitlement to disability pensions

Age of *insured* at the moment of losing the working capacity	**Minimum period of contribution (years)**
< 20	1
20-23	2
23-25	3
25-29	6
29-33	9
33-37	11
37-41	14
41-45	17
45-49	20
49-53	23
53-57	25
57-60	26
> 60	27

Source: Ministry of Labour, Family and Social Protection: http://www.mmuncii.ro/ro/543-view.html.

The *minimum guaranteed social pension* (renamed by Law 263/2010 *social allowance for pensioners*) is granted to all retired persons from the public system if the amount of the benefit received is below the threshold of the social pension, which in 2011 represented RON 350 (EUR 80), i.e. 50% of the minimum wage in the economy. The allowance is entirely financed from the state budget.

The *decease allowance* is given to a member of the family when the insured deceases, or to the insurer when a member of his/her family dies and is not insured at the moment of the death. The amount of the benefit is set each year by the Law on Social Insurance Budget and represents at least the equivalent of the gross monthly average wage in the economy. In 2011, the decease allowance was fixed at RON 2,022 (EUR 475) in case of the insured death, respectively half of this amount when one of the members of his/her family died.

According to Law 303/2004 on the special status of judges, prosecutors and magistrates, these professional categories are included in a separate pension regime – the *service pensions*. The benefits provided by this scheme include old-age pensions for insured, survivor pensions, and death allowances. The standard retirement age for these categories is 60 years and the full contributory period 25 years. The pension benefit represents 80% of the cumulated gross wage and bonuses received in the last month of activity. A 1% supplement is granted for each additional year of activity over the standard contributory period of 25 years. Early retirement is allowed when the beneficiary reached the retirement age and the effective period of contribution is inferior 25 years, but not less than 20 years. In this case, the pension is reduced by 1% for each missing year.

The Romanian legislation in the field stipulates that the retired persons are entitled to cumulate their pension with a salaried income only if the pension is inferior to the gross average salary in the economy. This rule does not apply to pensioners benefiting from early and partial early retirement, who are not allowed to cumulate the two forms of income. Exemptions exist in case of magistrates, ombudsman, members of the Constitutional Court, and counsellors of the Court of Accounts.

The contribution rates to the public system depend on the working conditions. Since February 2009, the following contribution rates have been charged on the gross wage:

i) For normal working conditions: 31.3%

ii) For arduous working conditions: 36.3%

iii) For very arduous working conditions: 41.3%

Irrespective of the working conditions, the employee contributes by 10.5% and the difference is covered by the employer.

The most important reform in the public system is the adoption of a new law on pensions. Starting with January 1st 2011, the public system is regulated by Law 263/2010 on the unified pension system, which replaced the former Law 19/2000 on public pensions and other social insurance rights. The new law brings several major changes as compared to the previous legislation:

a) The retirement age will be gradually raised to 65 years for men and 60 years for women until January 2015. Afterwards, the age of retirement for women will continue to be increased to 63 years until January 2030. For military and police personnel, the retirement age will pass from 55 years in January 2011 to 60 years in January 2030 for both genders.

b) The standard contributory period, which gives rights to full pension, will be increased from 28 years in January 2011 to 35 years in January 2030 for women and for men from 33 years in January 2011 to 35 years in January 2015. In case of police and military categories, the standard period of contribution will be raised for both men and women from 20 years in January 2011 to 30 years in January 2030.

c) The minimum contributory period will be raised from 13 years in January 2011 to 15 years in January 2015 for both genders. For police and military staff the minimum period of contribution will pass from 15 years in January 2011 to 20 years in January 2030 for both genders.

d) The special regimes of military and police personnel are integrated in the public system and the rate of contribution for this categories is increased from 5% to 10.5%

e) A new formula for calculating the pension point is set: until 2020, every year the pension point will be fully indexed by the annual inflation rate and will increase in addition by 50% of the real growth of gross average wage in the previous year. If one of the two indicators takes a negative value, the index of adjustment corresponding to that indicator will be zero. If both indicators record negative values, the pension point keeps its value from the previous year.

Starting with January 2021, the value of the pension point will be fully indexed with the inflation rate and will be additionally increased by 45% of the real growth of gross wage in the economy recorded in the previous year. The indexation by the real wage growth will be reduced every year by 5 percentage points, such that from 2030 the pension point will indexed only by the rate of inflation.

f) All pensions belonging to the former special regimes that are included by the new law in the public system will be recalculated according to a specific mechanism established by the MLFSP. The recalculation concerns: military and police personnel; auxiliary staff from the juridical system; diplomatic staff; deputies, senators and public employees of the Romanian parliament; aeronautic staff from civil aviation, public employees of the Court of Accounts.

g) All professional categories carrying out a freelance activity will pay compulsory contributions of 10.5%. The same rate applies to the categories of lawyers and clerical staff, but their contribution is voluntary.

h) Early retirement is more drastically regulated by forbidding the retreat if the insured's age is more than 60 months below the standard age. A penalty of 0.75% per each missing month applies to early retirement, which reduces the benefit by up to 45% in case of 5 missing years. The penalty ends when the person reaches the standard retirement age.

i) The law imposes more restrictive criteria for granting disability pensions. The previous medical certificate attesting the handicap is replaced by a medical report of expertise, established by a specialist accredited by the social insurance.

The number of pensioners and the average benefit by each category of the public system are given in Table 3 for October 2011. Overall, the average pension was RON 776 (EUR 182); as compared to the average, the women's' pension represented 87.45% in case of old-age benefits, 96.84% in case of early retirement, and respectively 94.2% in case of partially early retirement.

The **private pension system** consists of a compulsory scheme (Pillar II) and a voluntary one (Pillar III), both on Defined Contributions basis.

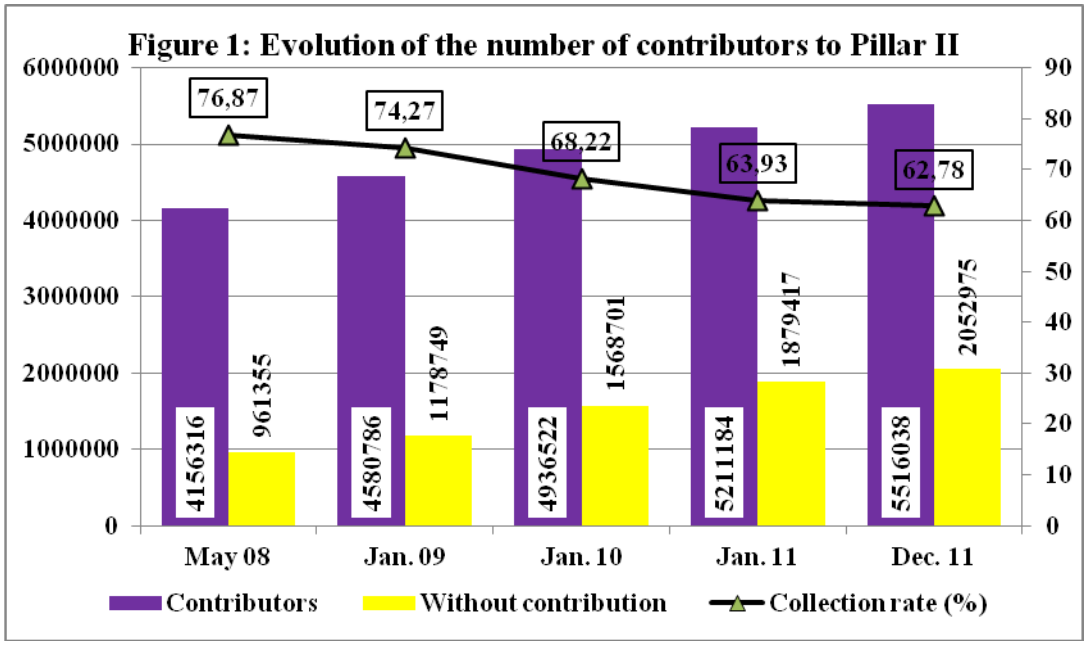
The second pillar, introduced in 2007, is regulated by Law 411/2004 which was later complemented by Law 23/2007. Pillar II is compulsory for those aged up to 35 years at January 1st 2008 and voluntary for persons aged between 36 and 45 years at the same date. The starting contribution rate was set at 2% of the gross wage, to increase each year by 0.5 percentage points until 2016, when the rate will reach 6%. In 2011 the rate of contribution to the compulsory pillar was 3%, and in 2012 it will be raised at 3.5%. The contribution is not collected separately but is part of the social insurance scheme. The benefits are calculated on the basis of individuals' contributions and investment earnings.

Table 3: Number of pensioners and average pension in October 2011

Category	**October 2011**	
	No. of pensioners (thousand)	***Average pension (RON)***
Old-age	3,818	901
Early retirement	10	950
Partially early retirement	125	669
Disability	828	540
Survivor	616	385
Service	3	9,034
Social	620	90

Source: Ministry of Labour, Family and Social Protection: http://www.mmuncii.ro/ro/statistici-55-view.html.

By law, the minimum capital required for the accreditation of a pension fund in the second pillar is EUR 4 million. At the end of 2011 a total of 9 pension fund companies were present on the market, recording altogether EUR 1.31 billion in cumulated assets and a total number of 5.5 million contributors (Figure 1). The average contribution passed from RON 27.6 (EUR 6.5) in May 2008 to RON 50.11 (EUR 12) in December 2011. At the same time, the number of persons for whom the contribution was not paid in the corresponding month increased much faster than the total number of Pillar II members; consequently, the collection rate declined from 76.9% in May 2008 to only 62.8% in December 2011.

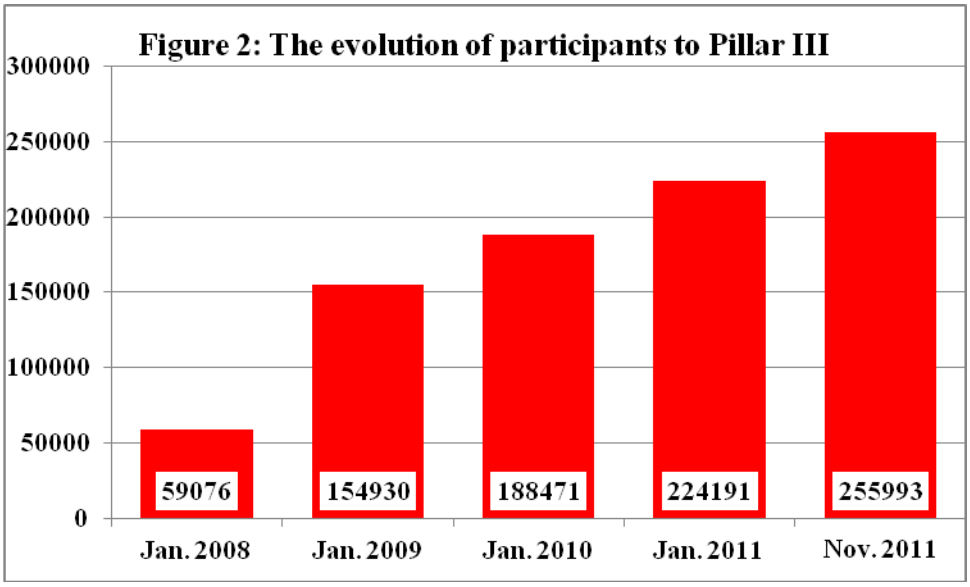


Source: APAPR: http://www.apapr.ro/statistics.html.

The *third (voluntary) pillar* is regulated by Law 204/2006. The contributions, which started to be paid in June 2006, are collected separately from the social insurance contributions. The law imposes a ceiling of 15% of the gross wage on the contribution rate; the employers contributing to the third pillar for their employees are exempted from paying corporate income tax up to the equivalent of EUR 400 per year for each contributor. At the same time, the investment of pension funds is tax-exempted until the moment when they start paying benefits. By law, the minimum required capital for a pension fund to be accredited is EUR 1.5 million. In January 2012 there were 13 pension funds on the market, recording total assets of EUR 93 million. At the end of 2011 (November) 256 thousand contributors were recorded with the third pillar (Figure 2).

In 2011, the most important reform in the private system of pensions was the adoption of Law 187/2011, which sets the rules and mechanisms for the establishment of the Guarantee Fund (GF). The fund, which will be fully functional by the end of the first semester of 2012, has two roles: to guarantee the payment of benefits if the pension funds fail to fulfil their payment obligations; to finance pensions in case when pension fund companies come under strain because of increased longevity. The resources of the GF will come from a 1% contribution on the minimum required capital of pension funds but not less than EUR 50,000. The GF will start with an initial budget of EUR 500,000 to be collected by May 2012, as announced by CSSPP president Mircea Oancea (Mediafax, 2011a).

In September 2011 the Ministry of Labour published on its site a draft law, currently under public debate, which regulates the payment mechanism of private pensions. According to the proposal, a pension supplier company must have a minimum capital of EUR 5 million and is allowed to constitute its own revenues from an annual 2% commission levied on the net assets of the pension fund.



Source: APAPR: http://www.apapr.ro/statistics.html.

2.2.2 Debates and political discourse

The political debates have focused on several issues, the most important being the decision of the government to freeze the pensions at least in the first semester of 2012, with the perspective to maintain this measure until 2014 for certain categories of pensions. The strongest reactions came from opposition, which contested the decision to the Constitutional Court, but the institution rejected this contestation. The same outcome occurred when the opposition repeated the procedure and contested the mechanism of pensions' recalculation for military and police staff.

However, the Social-Liberal Union was successful in blocking another initiative of the government – the taxation of pensions higher than RON 740 per month; the specialised parliamentary commission rejected the imposition and consequently the measure was abandoned. As a reaction, the government issued an Ordinance (117/2010) through which the pensioners benefiting from at least RON 740 per month are obliged to pay a 5.5% social contribution. This generated a strong hostility from the concerned beneficiaries and about 70,000 pensioners opened a juridical procedure against the government.

The majority of debates are therefore taking place between the power and the opposition. Although many of the specialists in the field express their support to most of the measures proposed by the government, considering these measures both necessary and urgent for the survival of the pension system, their opinion is less perceptible by the public. This is because the specialised publications are either too general (APAPR 2012, for example) or very technical (for instance Stegaroiu and Stegaroiu, 2010). Irrespective of ideology or political platform, the political class has a more audible voice in Romania than the specialists. At the same time, the notion of debate is very often associated with controversy. Consequently, any tentative of public debate reduces to contestation, criticism and rejection, without any alternative solution proposed by those contesting the government initiatives.

In these debates, the effects of the crisis have been very often cited: by the government to defend its reform measures, but also by the opposition to contest their austere character and the implications for the population.

2.2.3 Impact of EU social policies on the national level

Since the integration in the European Union in 2007, the vast majority of political initiatives and decisions are formulated and proposed to the public in the context of EU best practice and experience. The EU policies in general and the social ones in particular represent a reference for the newly designed national policies. At the same time, any evaluation or assessment of the Romanian situation is made by comparison with the EU countries – in particular the Western members. The basic EU documents (Agenda for Change, EU 2020 Strategy, Annual Growth Survey 2012, etc.) are equally a reference point for discussions and for the design of national policies. Most of the commitments made by Romania under the Euro Plus Pact have been met (EU Council, 2011); as a result, the Council decided in May 2011 to provide precautionary financial assistance to the country for a three years period. This assistance is conditional to the implementation of the measures laid down in Decision 2009/459/EC (amended by Decision 2010/183/EU), respectively in Decision 2011/288/EU, as specified in the Memoranda of Understanding from June 2009 and June 2011.

The reference to EU context and best practice is not made only at political and official levels, but also in the academic domain, by the civil society, mass media, etc. For example, a large number of PhD dissertations in law and economics fields treat various subjects at national level in the EU context.[3] As another example, the Open Method of Coordination became an issue "*à la mode*" in many discussions, reports, papers and articles.

However, in certain situations this reference to EU policy is perceived by a part of the population as an obligation for Romania to adopt the same practices and principles. The recent reform of the pension system, for instance, was preceded by various discussions on system sustainability, demographic challenges, and therefore the necessity to increase the retirement age and the statutory period of contributions. Always these discussions made reference to the EU documents in the field, to the policies already adopted in this sense by the older members of the European Union, and to the envisaged measures in other EU countries. The reform was therefore presented to the public as a necessity for the country because the EU goes in this direction.

2.2.4 Impact assessment

The new law on public pensions will have a major (positive) impact on the system. However, there are no evaluations to date for quantifying this impact. The government expects that the measures will reduce noticeably the pension expenditures over medium and long run, such that the current deficit will be brought to manageable levels. It is very likely that the changes brought by Law 263/2010 will restore at least partially the sustainability of the system and consequently the increase of pension spending by 2030 will be fairly lower than the 1.5% predicted by IMF (2011); this increase may be below the 1% average for the emerging countries group if the provisions of the law will be applied in their totality.

However, the expected savings in pension spending might be seriously compromised by the mechanism adopted in 2011 for recalculating the pensions of military and police personnel. Although the recalculation was stipulated by Law 263/2010, the methodology was elaborated by the Ministry of Labour few months after the law entered into force. The recalculation was aimed at reducing the huge differences in pension levels between the "special regimes" on one hand and the rest of beneficiaries on the other hand. This should have logically translated into a reduction in total expenditures with the category of special pensions. The recalculation was

[3] Some examples : The reform of public administration in the context of EU integration; The performance of Romanian regions in the context of EU integration; Contemporary legal institutions in the context of Romanian integration in EU; The perspectives of Romanian SMEs in the context of EU integration.

therefore conceived as an additional source of savings with pension spending, but the mechanism was wrongly imagined. As a result, when the recalculation was over, the government realised that the average monthly pension of this category increased from RON 1,755 to RON 2,289, while the Ministry of Labour anticipated a significant decrease of the average benefit when the mechanism was proposed (Mediafax, 2011b).

Thus the recalculation ended up with about RON 1 billion additional spending for 2012. Designed to reduce the gap between the average benefit of special regimes and the average social insurance pension, the recalculation widened actually the differences: while in the 2012 budget for social insurance pensions increased by only 0.5%, the budget allocated to the military pensioners augmented by 9%, and that of former police and secret service employees by 5 and respectively 6% (Mihai, 2011). There are 4.76 million social insurance pensioners for whom the pension in 2012 is frozen at its 2011 level, and only 159,000 recipients of special pensions benefiting from a 30% increase in their average pension.

In terms of adequacy, the replacement ratio and the relative income in Romania record higher levels than the EU average. In 2010 the aggregate replacement ratio was 12 percentage points above the EU average (65 versus 53), with men recording a significantly higher ratio than women (10 pp, as compared to only 4 pp in EU). The median relative income of persons aged +65 was 97% in Romania (88% in EU), with the same considerable gender gap (15 pp, versus 6 pp in EU). However, the risk of poverty or social exclusion for aged persons is more than double in Romania than in EU according to EU2020 data. The severe material deprivation is 5 times superior (6.5 times for men aged +75). This apparent contradiction between high replacement ratio and relative income on one hand, and increased risk of poverty on the other hand, is due to the fact that the main spending item of a Romanian pensioner is of health care nature: medical treatment in EU is almost entirely reimbursed by social security, which is not the case in Romania, where this is the predominant spending element in many cases.

Nevertheless, by 2050 the net average income for 40 years of carrier will decrease by 25.7 pp (19.9 pp in gross terms); the largest decline is expected in case of high income (52 pp in net and 44.1 pp in gross terms). After 10 years since retirement, the replacement ratio in 2050 will represent only half of its level in 2010 – both in net and gross terms. The same order of (decline) magnitude will be recorded in case of pensioners who went out of the labour market for 10 years during their active life.

This sombre perspective is largely due to the relatively low employment rates (15-64): 58.8% in 2010 for the whole labour force (65.7% for men and 52% for women). As compared to EU average (64.1 in total, 70.1 for men, and 58.2% for women) there is therefore a difference of respectively 5.3, 4.4 and 6.2 percentage points.

2.2.5 Critical assessment of reforms, discussions and research carried out

The adoption of Law 263/2010 represents a major progress for the Romanian public pension system. The previous reforms have been fragmented and consequently they addressed only some of the problems of the system. The most important achievement of this new law is the integration of special regimes in the public system and the increase of the retirement age for these special categories. However, the recalculation of special pensions ended up with an additional cost for the social insurance budget, which aggravates in short term its situation in terms of sustainability. While the benefits of increased retirement age will be visible only in long term, the supplementary cost of recalculations must be paid now, when the financial situation is critical. At the same time, the increase of average benefits for special regimes amplifies the gap between “normal” pensions and the pensions of those privileged categories, and consequently deepens the social inequity.

As another weak point, the law maintains a special regime of retirement (service pensions) for judges and magistrates, who benefit of exceptionally high pensions (10 times higher than the average pension and 100 times higher than the average social pension granted in 2011).

The retirement age, initially intended to be increased at 65 years for both genders by the end of the reform, was reduced at 63 years for women. This discrimination is unjustified and is scheduled for an exaggeratedly long period of time: passing from 60 years (in 2015) to 63 years (in 2030) will take 15 years.

The law does not address explicitly the issue related to the drastic reduction of the number of contributors. The ratio between the number of persons contributing to the system and the number of pension beneficiaries passed from 3.28 in 1990 to 1.04 in 2008. The reforms introduced by Law 263/2010 will not help very much in this respect and the ratio will not improve significantly in the future: 1.5 in 2060, according to APAPR (2012). This aspect need to be dealt with through alternative policies related to labour market and employability, as well as by introducing the obligation of contribution for occupational categories that are currently exempted from paying social insurance contributions (farmers, clerical staff, etc.).

The demographic factors are equally insufficiently considered. This is the most challenging element for the pension system. The Romanian population is expected to accelerate its decline, passing from 21.4 million inhabitants in 2008 to 16-17 million in 2050 (APAPR, 2012). This is equivalent to a reduction by almost 25% as compared to the 1990 level and represents the most significant demographic decline among the EU member states (Mintianschi, 2012). The decline may actually be more pronounced, as the most recent census (October 2011) found only 19 million inhabitants, as compared to the estimations of the statistical office of 21.35 million. At the same time, the crisis seems to have very significant impact on demography: the number of marriages in 2011 represented only 55% of the 2007 level (the highest since 1990), while the number of newborns reached a historical minimum of only 195,000 in 2011 (Mihai, 2012).

Combined with the increase of life expectancy, these demographic tendencies will end up with an accentuated phenomenon of population ageing in the next three decades.[4] No concrete policy is for the time being on the government agenda and no reasonable solution has emerged from academia and the specialists in the field. Both the authorities and the scientific community raise frequently this issue, but nobody comes with an answer to the problem.

Although at the end of 2011 the authorities announced the freeze of pensions and salaries, in January 2012 they brought to discussion the possibility to increase pensions by 5% in April. Confronted with the decline of popularity, such a measure would have helped in recuperating some votes for the coming elections. However, both IMF and EU expressed their disaccord to this initiative; the two institutions revised the growth perspectives of Romania for 2012, which are currently lower by 0.5 percentage points as compared to the initial forecasts. Consequently, there is no room for any increase of pensions and salaries, at least in the first semester. Nevertheless, the coalition in power did not abandon its intention to raise the pensions; the new Prime Minister Ungureanu announced as a first priority of his government the increase of population income, including the indexation of pensions (Radu, 2012). If this takes place, and the pensions are increased by the already announced rate of 5%, the additional cost for the system in 2012 will represent EUR 423 million (Rotariu, 2012).

[4] According to IMF, in 2050 one out of three Romanians will be aged above 65 (Fernandez-Ansola and Klemm, 2007). For comparison, the share of this age category in total population was 14% in 2000 (APAPR, 2012).

Policy recommendations

The new pension legislation makes a significant progress in reforming process of the public system. However, further steps are necessary to be considered by Romanian authorities to improve the existing situation:

1. One possible solution for improving sustainability and adequacy, and therefore to comply with OMC objectives in the pension area, would be to increase the contribution rate to the second pillar. The current legislation stipulates that the rate of contribution to the private pillar will reach its maximum of 6% by 2016. It is recommendable to raise further this ceiling to 10% of gross wage by 2020, which will put more weight on the private component of the pension benefit at the moment of retirement.
2. In parallel, the voluntary contributions to the third pillar need to be stimulated – possibly by increasing the current tax exemption limits. Some studies (Buscu, 2012) show that the non-imposition of contributions to the voluntary scheme is beneficial for both employers and employees: for the average wage in the economy, a salary increase by 6.8% is less attractive for the two parties than the situation when the same amount is transferred as a contribution to the third pillar.
3. The number of contributors to the system needs to be increased. This is crucial if the government wants to lower the contribution rates, as recently discussed by the new cabinet. This reduction is beneficial for the economy because it diminishes the unit labour cost and therefore increases the competitiveness, but affects the social insurance revenues, already insufficient for the needs. This requires an increase in the number of contributors to compensate the revenue loss. Several occupational and professional categories that are exempted from paying contributions or their contributions are voluntary (farmers, clerical staff) need to be included in the system.
4. The effective retirement age has to be increased, essentially by raising the rate of occupation among senior workers. Currently there is no strategy on keeping this age category longer in the active life and despite more restrictive conditions for early retirement the number of persons who retired before the standard age is still high and shows no sign of decline. The measure of penalising early retirement has therefore no major effect because the work opportunities for seniors are low and consequently they prefer a reduced (but permanent) pension instead of (temporary) unemployment allowance, which – in many cases – is inferior to the early retirement benefit.

2.3 Health Care

2.3.1 The system's characteristics and reforms

Health care in Romania is provided primarily through mandatory health insurance. Voluntary health insurance is available, but the market is still insufficiently developed. The mandatory scheme is administered by district health insurance funds, which are responsible for collecting contributions and reimbursing claims from providers for health care services in their respective districts. The funds are regulated by the National Health Insurance Fund (NHIF). The health care is financed primarily by contributions, at a current rate of 10.7% of payroll, of which the employer pays 5.2% and the employee 5.5%. Children, people with disabilities, war veterans without income, and the dependants of insured people do not pay for coverage.

Health care services are delivered free of charge to the whole population on the basis of registration with a family doctor. Dental care is free for all persons up to 18 years of age; above this limit, between 40% and 60% is covered by the National Health Insurance Fund. The drugs'

coverage depends on the category to which they belong. Currently, there are three distinct lists of drugs: A, where the coverage is 90% of the reference price; B, covered at 50% rate; C, fully covered by the social security. Excepting the emergency situations, the admission to hospital is possible only on the basis of a prescription from the family doctor. No fees are charged during hospitalisation, unless the patient wants higher standards of medical services and accommodation.

The reforms of the sector in 2011 concerned the continuation of hospitals reorganisation, the adoption of the law on the introduction of a co-payment mechanism for medical services, and the submission to public debate of a new law on health care.

The reorganisation of hospitals is based on a classification system that divides the 347 units concerned by the process into five categories, ranging from highest competence (category I) to the lowest one (category V). The majority of hospitals are already classified; because of various organisational problems, 87 of them received from the Ministry of Health a temporary classification until the end of 2011 (Popa, 2011). This deadline was insufficient, and consequently the delay was extended for one more year (Banila, 2012a). There are only 28 hospitals in the first category, the largest number of them (201) being placed in the fourth and fifth categories, which group medical units with limited and very limited level of competence. The hospitals not fulfilling the classification criteria because of major deficiencies can be transformed into health care centres functioning as branches of municipal hospitals (Somanescu, 2011b), but their effective destination and role is not yet clearly defined.

With more than one year delay as initially planned, the parliament adopted in November 2011 the Law 220/2011 introducing the co-payment for medical services. Part of the agreement with the IMF, World Bank and the European Commission, the law sets the tariffs and the categories of population concerned by this mechanism, which entered into force on January 1st 2012. All persons are concerned by the co-payment, with the exception of pensioners receiving less than RON 700 per month, children up to 18 years old, youth aged 18 – 26 without any form of income, respectively the patients included in special health care programmes. The Minister of Health declared to Mediafax (2011c) that he estimates at 8 million the number of persons who will be exempted from co-payment.

As compared to the 2010 draft, Law 220/2011 stipulates that the co-payment can be made through complementary health insurance contracted on voluntary basis with private insurance companies. Another modification refers to the total annual amount that can be charged as co-payment to a person; while the 2010 draft limited this amount to RON 600, the adopted law sets a ceiling equivalent to 1/12 of the yearly net income of the patient.

The most important reform initiative in the sector was the elaboration of the Law on health care organisation, which was placed on the website of the Ministry of Health at the end of December 2011 for public debate. The law offers a more flexible juridical framework for the organisation of hospitals, in order to improve their efficiency and the quality of medical services provided. More importantly, the health care is entirely opened to the private sector, in order to create competition between public and private providers. The individuals are free to choose between paying health care contributions to the public Health Fund or to private insurance companies. The contributions will be administrated by private health insurance entities under the supervision of the National Health Insurance House. To a large extent, thorough the new law the organisational principles of the health care sector become similar to those existing in the private (compulsory) system of pensions (Pirloiu and Buscu, 2012).

Private health develops rapidly in Romania and is expected to reach a turnover of EUR 1 billion in 2013 (Micu, 2012). The most recent survey concludes that 20% of population used in April 2011 private medical services (Grosu, 2011). For 70% of them, good quality of services

represents the main reason for this option. Another study, done by Iris Global Health, finds that 17% of Romanians used at the end of 2011 private medical centres (Banila, 2011). However, the private offer is still little diversified; the large majority of people (70%) used private medical units only for laboratory tests (Grosu, 2011).

2.3.2 Debates and political discourse

The draft law on the reorganisation of the health system has generated enormous controversies and a strong opposition from Trade Unions and a part of the professionals of the system. The ALFA union confederation affirmed that the profit principles on which the system is organised according to the new law are in contradiction with the social character of the health care domain. In reply, the President of Romania accused the unions of trying to defend certain personal interests in the detriment of the interest of the population and to maintain the corruption and bribery practices in the system.

At the same time, the sub-secretary of state in charge of emergency care Raed Arafat declared that the law will demolish the emergency care and he resigned to protest against the provisions allowing private care. Through a press release, the Solidaritatea Sanitara union affirmed that the rights to health care of citizens are practically annulled by the proposed law. These two declarations caused a certain panic among the population, which was exploited by the political opposition. Daily street protests started to be organised, in principal by the Social-Liberal Union, in several big cities. Although the number of protesters has never exceeded few thousand people all over the country, the government decided on January 13, 2012 to withdraw the law from public consultations. Few days later, the Ministry of Health announced that a new law will be drafted by a specially constituted committee. In parallel, some of the trade unions from the health sector created a special commission with the same objective of elaborating a new law.

This opposition comes from a minority group. Most of the specialists of the sector consider this law as the most important reform of the health care system in Romania since the fall of communism. The Association for the Protection of Patients declared that the law was absolutely necessary for eradicating the corruption and the bribery from the system (Mediafax, 2012a). The Moody's rating agency warned that those opposing the law are in fact against the reform of the system (Banila, 2012b). On various opinion forums on the internet, a large majority is favourable to the law (Mediafax 2012b). Prior to its publication on the Ministry of Health website for public consultations, the draft was discussed and agreed with specialists from the World Bank, IMF, European Commission and World Health Organisation.

The law was drafted on the basis of the 2008 report of the Presidential Commission for Analysis and Elaboration of Policies in Public Health (Vladescu et all, 2008). Since 2010 until the drafting of the law, the report has been amply discussed with the trade unions of the sector, health care specialists, private providers of medical services, NGOs, foundations, associations, etc. The law started to be drafted only when a complete agreement with all these partners was reached. Why then such a strong opposition to a good and unanimously accepted initiative? How a very small minority made the government to step back and give up almost two years of work to prepare this crucial reform? There are several reasons for this inexplicable decision. The first one is of electoral nature: the coalition in power is anxious about the parliamentary elections of this year. By withdrawing the law, the message sent to the population is clear: the coalition listens to people's demands. As president Basescu announced, the law was withdrawn because the Romanians "refuse the change" (Vasile, 2012).

The second reason is tactical. Since 2009 the population has been constrained to accept several cures of austerity, which constantly fuelled the frustration and dissatisfaction sentiments. The

protests against the law might have represented the spark detonating a much ampler movement of contestation, with uncertain consequences for the political power. In fact, the daily protests continued after the abandonment of the law, which proves that the anger of protestants has very little to do with the reform itself, but is the sum of various discontents accumulated over the last few years.

The third reason is related to the wrong manner the government presented the reform. The law was posted for debates for a period of only ten days; usually, such legislative initiatives remain at least 30 days on the website for discussions. In addition, the period of debate (28 December 2011 – 7 January 2012) is largely overlapping with the holiday period. This was therefore perceived as a tentative of authorities to have the law passed rapidly and without a real debate. The fact that the government announced the intention to assume its responsibility in the parliament for adopting the law under urgent procedures created the sentiment that something was wrong with the document.

2.3.3 Impact of EU social policies on the national level

After the adoption of EU 2020 strategy, the Romanian government created a special department (for European Affairs[5]), which coordinates the activity of seven working groups in charge of the specific objectives of the strategy. The working groups discuss, analyse and propose policy measures in line with EU programmatic documents, strategies and recommendations in their respective area of responsibility.

In addition, the Ministry of Health disposes of a Unit for Coordination and Implementation of Programmes, most of them financed from the European Social Fund, respectively the Fund for Regional Development. For example, 85% of the strategy for decentralisation and reorganisation of hospitals was financed from the EU Social Fund. The main role of this Unit consists of identifying and drafting project proposals in line with the provisions of the Stability Pact in the health care area, to be financed from EU funds. Proposals are drafted in line with the government priorities in the health sector.

In line with the EU policies in the field, the Ministry of Health recently created the Romanian Forum for Health.[6] Under the auspices of the National Health Insurance House, the forum opened the debates on the necessity to adjust the health care policies in Romania to the ageing tendency of population. Other similar issues will be discussed in the future, in particular related to the modifications to be made on the draft law on health care, such that those modifications will be accepted by all social partners. The forum, which is organised in cooperation with one of the most important mass-media of the country (Mediafax), intends to raise awareness in major areas of interest for the health care sector. This is done through periodical debates between officials of the ministry, public and private providers of health services, academia, and civil society.

These discussions are of particular importance in the current context of strong opposition to the proposed reforms. The issue remains highly sensitive and the government needs to find the appropriate modality to bring to consultations before drafting a new law the civil society, the specialists, the trade unions and the experts of international institutions. The task to find a consensus will be difficult, especially with the trade unions. The most important one (Solidaritatea Sanitara) declared recently that the proposed law in unacceptable because it is in line with the recommendations from the European Commission and, which shows no interest in the social situation of Romania and the health status of its population.

5 http://www.dae.gov.ro/79/afaceri-europene.
6 http://www.youtube.com/watch?v=NBtVXmk0Iag.

2.3.4 Impact assessment

The 2008 report of the Presidential Commission for Analysis and Elaboration of Policies in the Field of Public Health, which served for drafting the new law on health care, concludes that Romania is ranked 99 in the world in terms of system performance (Ciornia, 2011). Consequently, the health sector is confronted with major disfunctionalities, which are responsible for significant inequities in terms of access and provision of medical services. A first important factor for this situation is not necessarily the lack of resources, but their miss-utilisation, as the IMF representative Jeffrey Franks pointed out in many occasions. The most recent report of the Court of Accounts concludes that millions of EURO were spent in 2010 either on equipment which has never been used,[7] or diverted to personal accounts of physicians in various forms[8] (Chitu and Dinu, 2012).

This inefficiency in using resources represents the main cause of under-financing of the system, in spite of continuously increasing allocations from the state and local budgets. The financial effort of local authorities has been remarkable in the recent years: while in 2008 only RON 3.2 per capita was invested in health care at local level, in 2011 the sum was 5 times higher and attained RON 16.1 (Somanescu, 2011a). This effort has not translated in any visible improvement of quality of services. Not surprisingly, only 6% of Romanians are satisfied with the health care system according to a survey carried out in 2011 in 28 countries of the world by IRIS Global Health (Mediafax, 2011d). For 58% of Romanians, the principal factor of this situation is the inefficient management of financial resources.

The weak performance of the sector is largely responsible for the poor health indicators recorded by the country: Romania has the lowest life expectancy and the highest infant mortality rate within the EU (Micu, 2012). There is therefore an urgent need for reforming the whole system, which was the aim of the proposed law as well as of other measures recently adopted. According to preliminary estimations of the Ministry of Health, the law would have saved 25% of the current expenditures with health care (Chitu and Dinu, 2012), while bringing additional resources in the system estimated at RON 2 billion per year.[9]

The co-payment mechanism replaces the claw back system introduced in 2009 with the aim to attract additional resources in the sector. That system consisted of a contribution paid by drugs producer on their total value of sales, varying between 5% and 11%. By introducing the co-payment, the Ministry of Health expects to rise every year RON 378 million more than from the previous claw back mechanism.

Nevertheless, none of the reforms addresses the issue of insufficiency of medical personnel. In some opinions (Ciornia, 2011) this is the biggest problem of the system and the principal challenge for its future. Overall 30,000 employees left the health sector in 2011 (Hritcu, 2012). The exodus of staff continues, with 2000 additional doctors emigrating from Romania in the first 9 months of 2011, in principal specialists. Due to this phenomenon, Romania records today 1.9 doctors per 1000 inhabitants, as compared to an average of 3.7 in the EU.[10]

A recent study (Hritcu, 2012) shows that for 70% of physicians the reason for emigration is the low level of salaries. Although the private sector offers wages comparable to those paid in Western Europe (up to EUR 3,000 per month), the emigration remains high. The question is therefore: Why the Romanians prefer to emigrate instead of working for the same (Western) salary in their own country? The reason is that the private care is insufficiently developed in

[7] EURO 4 million were spent between 2006 – 2010 on medical equipment which has never been used.
[8] For example, EURO 900 thousand were paid to reimburse drugs prescribed to inexistent patients.
[9] Estimations of the 2008 report of the presidential commission (Popescu, 2011).
[10] Figures communicated to Mediafax (2011e) by the president of Romanian Medical College.

Romania and limited to relatively simple interventions. The absorption capacity is therefore insufficient and almost inexistent for specialists.

Western EU countries are the principal destination[11] due to proximity but also because the offer from that part of Europe has increased significantly (by 77% in 2011, as compared to 2010). Women represent 70% of the total number of emigrants (Hritcu, 2012).

2.3.5 Critical assessment of reforms, discussions and research carried out

In its post-communist existence, the Romanian health care sector had 19 ministers. Many of them tried to reform the system but without success. One explanation is that a real reform has never been proposed; only fragmented and inconsistent initiatives that deteriorated even more the situation. Another cause is that the system has created over time its own informal and parallel structures, rules and norms based on personal interests, which have consolidated and become resistant to changes. Consequently, any initiative of reform will fail, as it happened with the recent law, because the reform represents a risky experiment (Alistari, 2012). The corrupted structures within the system are powerful, but the government made the mistake to ignore it. On the other hand, the draft of the law was poorly explained, and therefore easily blocked by the political opposition. The reason for rejection: In Romanian political vision, the role of the opposition is to deny any initiative emerging from those detaining the power.

It was also rejected by Trade Unions because they are afraid of competition with the private sector; in a public health care system, the unions have a strong influence and their leaders clear interest, which would have been seriously undermined if the law were adopted.

It was equally rejected by a part of the professionals of the sector because the bribery mechanism and the corruption allow them to earn incomparably more in a state hospital than legally in a private clinic. Very often the mass media reveals numerous cases of parasite firms belonging to doctors and hospitals' managers that drain enormous resources from the system. Thousands of false prescriptions were recorded in 2011 by the National Health Insurance House (Antena 3, 2011). In 2010 about 28 million persons were recorded with the family doctors, while Romania has a population of only 21 million inhabitants, of which 4 to 5 million have emigrated.[12] In the emergency care sector, so fervently defended by the sub-secretary of state Arafat, tones of fuel for ambulances were stolen and sold on the black market (Folcut, 2011). Not surprisingly, the president of Romanian Medical College Ioan Lascar declared that a real reform of the system is not feasible before 2020 (Realitatea, 2012). The question is whether such a reform is possible at all in these circumstances.

Policy recommendations

The failed reform of the health care sector raises serious concern about its future. The Romanian authorities are aware of the need for radical changes, but it seems that they lack the necessary political courage to adopt them. In these conditions, the possible directions of reform may consider:

1. Confronted with such strong resistance to changes, probably the immediate solution is to give up for the time being the idea of a complete reform of the public system. The private sector should be given unrestricted access to the provision of all type of medical services; at the same time, the population should be given the possibility to opt either for a private insurance or a public system of social insurance. This approach does not represent a privatisation of health care, as it was perceived with the proposed law, but just a liberalisation of the market.

[11] In 2011, 17% of doctors working in France were Romanians (Hritcu, 2012).
[12] 3 million recorded in Bucharest, instead of 1.6 million (Ofiteru, 2011).

2. The process can start with the family doctors. There is no reason to keep them in the public system as long as they can operate as private cabinets, where the patients pay the medical services for which they are reimbursed afterwards.
3. By liberalising the market, the competition from private providers will oblige the public establishments either to restructure or to disappear. This implies a bottom-up reform, initiated at the level of each medical centre; the recently proposed law uses a top-down reforming approach, which will not be successful in the existing circumstances.
4. If a new legislation is drafted, as announced by the government, the law should be more comprehensive than the previous one, which left too many issues for the secondary legislation to be solved. This will avoid confusion and possible inconsistencies that would arise if too many important aspects are transferred to the methodological norms for application and similar documents that are part of the secondary legislation. The reform of the pension system represents already an inconvenient experience in this regard, with good (but rather general) provisions for recalculating the special pensions in the main law, but with a totally inadequate mechanism developed subsequently by the Ministry of labour through the secondary legislation.
5. The under-financing of the system is mainly due to inefficiency in using the available resources, but equally to insufficient revenues collected. The revenues are low because the number of contributors to the system has declined over the transitional period as a result of exemptions granted to various professional categories. There is no economic and social equity reason for this policy and the government must reintegrate those currently exempted in the contributory scheme.

Nevertheless, the newly nominated government is imprecise about the directions of reforms in the health care sector. Although IMF insisted for the rapid adoption of a new law and the previous government committed to have the law ready by the end of the year, the new cabinet announced that the law does not represent a priority for 2012 (Radu, 2012). Moreover, the new minister of health Rittli declared that the already adopted law on co-payment will be changed soon by diminishing drastically the tariffs (Mediafax, 2012c).

2.4 Long-term Care

2.4.1 The system's characteristics and reforms

In Romania long-term care is defined as social and medical services delivered to dependent persons in residential institutions, non-residential centres, respectively at the beneficiary's domicile. The system concerns elderly and disabled persons.[13] The medical treatment for acute diseases or for the majority of chronic diseases is not considered as part of the long-term care. According to Popa (2010), the Romanian long-term care system includes all medical and social services delivered over a long period of time to those in need such as the chronically ill, terminally ill, the disabled and the dependent elderly who need help with activities of daily living or instrumental activities of daily living.

Dependency is categorised according to three degrees and several classes:

I. A. Persons who lost their mental and physical abilities and need permanent surveillance and assistance;
   B. Mentally able or partially able persons who lost their physical ability and need permanent surveillance and assistance;

[13] In Romania, HIV infected individuals are included in the category of disabled.

C. Physically able or partially able persons who lost their mental capacity and need permanent surveillance and partial assistance.

II. A. Mentally able persons who lost partially their physical abilities and need permanent or temporary assistance;
B. Mentally able persons having difficulties to move and need partial assistance for certain household tasks;
C. Mentally and physically persons who need assistance for complex household tasks;

III. A. Persons who need regular help with daily life activities, but when placed in an elderly institution can be considered independent;
B. Persons having complete autonomy who are able to perform daily activities without assistance.

LTC for (non-disabled) elderly is provided through community services that include temporary or permanent assistance at home or in specialised centres. Home assistance refers to household and socio-medical services provided by local authorities either through specialised social workers or by granting an allowance to relatives fulfilling these tasks. This form of assistance is preponderant in rural areas. No specialised institution at central level exists for LTC in case of aged dependant persons, which is under the responsibility of the Ministry of Labour, Family and Social Protection through the Department for Family Policies, Inclusion, and Social Assistance. MLFSP cooperates with the Ministry of Health in delivering medical type of social services to dependant elderly.

At central level, the institution in charge of disabled persons is ANPH – the National Authority for Disabled Persons. At the end of September 2011 there were 688,199 disabled persons in ANPH records (1,481 less than in 2010), of which 17,155 institutionalised (119 more than in 2010). Out of the total number of disabled persons 60,231 were children (1,056 less than in 2010), 32 of them institutionalised (33 in 2010) and the others living with their own family or placed with a family. Out of the total number of disabled adults, 97.3% live with their family, the remaining being institutionalised.

A total of 381 centres were functional at the end of 2011, as compared to 372 in 2010. Out of them, 324 were residential centres and 57 for daily (non-residential) care. The number of centres increased in 2011 as a result of the process of hospital's reorganisation, which transformed some of them into specialised institutions for disabled.

At local level, several institutions are involved in managing long-term care, at county and municipal levels. Disabled people are in charge of countries' authorities, which assess the eligibility of demanders to services. Municipal authorities are responsible for organising, financing and providing domiciliary and residential care for elderly persons. A large part of financial responsibility is therefore with local authorities. The system is financed both by central and local budgets, but the beneficiary has to pay a contribution – according to the cost-sharing principle – that depends on the personal income. Only disabled persons with a high degree of handicap or single persons with low income are exempted.

The financing of institutions providing medical long-term care is ensured by the National Health Insurance Fund, the state budget, and the local budgets: NHIF covers health services, the central budget the investment (through the Ministry of Public Health), while the local budgets cover the maintenance expenditures. The institutions providing both social and medical care are financed from out-of-pocket payments, state budget, NHIF and local budgets. The out-of-pocket tariffs are set by the local authorities, which are *de jure* owners of these institutions. The investment is covered by the state budget (through the Ministry of Labour, Social Protection and Family), while maintenance is ensured by local budgets. NHIF allocates to these institutions a global budget to cover the salaries for medical staff.

No important reforms occurred in 2011 in the LTC domain, except two legislative documents drafted by the National Authority for Child Protection, which are currently waiting for adoption. The first one is a list of quality standards for residential centres hosting children. A Government Ordinance was equally drafted with the scope of regulating the familial type of services (norms for evaluating the families where orphan children are placed, respectively the conditions for being accredited as a maternal assistant).

2.4.2 Debates and political discourse

There has been very little debate on the issue of long term care in recent time. The most important issue generating discussions and policy measures referred to the large number of disability pensioners, some of them being suspected of obtaining fraudulently this status by bribing the doctors. Consequently, the new law on the unitary system of public pensions changed the retirement conditions for disability motives, while imposing a complete medical expertise of all disabled pensioners.

Several cases of abuse and mistreatment of children placed with host families have been revealed by the mass-media, which determined the authorities to react by drafting the Government Ordinance (mentioned above) on the family type of services provided to orphan children.

A series of public debates was initiated in November 2011 by the Minister of Health on ageing and the necessity to adapt the health care system to the challenges raised by this phenomenon. However, the discussions on the subject are still in their incipient phase and consequently the debates are limited for the moment to only general aspects.

2.4.3 Impact of EU social policies on the national level

Long-term care is given relatively little importance in Romania because traditionally the care of needy persons represents a family matter. As a result, the EU policies in this area are insufficiently presented and debated by specialists and by responsible institutions. Although 2012 is the year of active ageing, there is very little information on the site of the Ministry of Labour. The institution presents the EU documents on this subject, but most of them are not even translated into Romanian. There is also a draft law on the website of the same ministry on the ratification of the 2007 European convention for protecting the children against sexual abuses.

2.4.4 Impact assessment

The recent socio-demographic developments and the future perspectives are changing the perception of Romanians about the role of long-term care. Confronted with an increasing number of aged persons on waiting lists for admission to a residential centre (4,800 in April 2011 according to InCont, 2011) the authorities admit that ageing is already an issue of concern and that the familial norms and traditions are rapidly changing, as elderly are less and less taken care by their own family. The demand for institutionalised care is therefore increasing, while the supply in state centres is unevenly distributed within the territory, as the number of institutions differs considerably across regions. The quality of services also varies significantly, depending essentially on the financial resources that the local authorities are able to provide. As a consequence, the government elaborated a list of admission criteria in order to favour the neediest cases. However, not all criteria are relevant and for some of them the assessment is difficult and ambiguous.

The principal difficulty in dealing with aged persons is that their majority resides in rural areas, where the provision of specialised services is in deficit because an important proportion of

Romanian rural localities lack basic facilities in terms of sanitation, sewage, water, etc. Elementary medical services are equally in acute shortage in these areas. At the same time, the emigration phenomenon left at home an impressive number of lonely aged persons who need assistance at their residence or in an institutionalised form. Consequently, there is an enormous demand for social workers; although this profession has developed rapidly, the unmet demand remains high because of unattractive remuneration.

The number of private centres has increased significantly in recent years. The quality of services is incomparably higher in those units, but the co-payment is equally important. Depending on the amount of his/her pension, of which 80%[14] remains with the centre, a person must pay up to RON 1,500 each month. The access to private structures is therefore limited to beneficiaries enjoying high pensions or those for which the family affords to pay the difference. In general, the patients of private centres are those with emigrated children.

Different policies apply in case of disabled persons. There is a distinction between persons who retired because of disability, respectively disabled individuals in working age. In the first case, the government policies resume to paying benefits and corresponding allowances when the person needs personal assistance. More attention is paid to the second category, in principal for their social integration and integration in the labour market.

2.4.5 Critical assessment of reforms, discussions and research carried out

The LTC system is regulated by different bodies through separate legislation. Consequently, there is no clear distinction in terms of legislative and administrative responsibilities between various institutions involved. At the same time, the involvement of both central and local authorities induces significant differences in terms of quality and availability of services among counties and regions. Since long-term care does not represent a distinct social sector in Romania, there is a lot of ambiguity in terms of policies instruments used to deal with this issue. Some of them are not officially considered part of the long term care policy, although they address almost exclusively issues related to this sector, others are improperly included in the LTC.

A Strategic National Report regarding Social Protection and Social Inclusion (2008-2010) was elaborated with the scope of eliminating these problems, but still the evaluations, decisions and implementation of care are carried out in a disjointed way and without proper communication among specialists.

Policy recommendations

Long-term care is not yet an issue of sufficient importance for the Romanian authorities, but ignoring the problems now will prove very costly in the near future. The following directions could be considered in this respect:

1. A policy package of reforms needs to be elaborated in line with the OMC objectives in this area. A first step is to create a distinct institution in charge of long-term care, with specialised departments for aged populations, disabled children, and disabled adults.
2. For elderly, the responsibilities of such institution should focus on active ageing, not only on providing pensions and social assistance when the pension benefit is insufficient.
3. In case of disabled children, the current policy of (temporary) insertion in a host family should be reoriented towards adoption. There is a huge demand for adoptions in Romania, but the process is long, complicated and highly bureaucratic.

[14] 60% in case of public centres.

4. In case of disabled adults, the unsolved issue remains their insertion in the labour market. Although in 2009 an action plan was elaborated for this purpose, no tangible result has been obtained until now. Only 4.5% of non-institutionalised disabled adults were employed at the end of September 2011, which places Romania on the last position in the EU. Because of serious restrictions to their access on the labour market, the occupation rate of disabled persons able to perform a remunerated activity was only 23.9% in the first semester of 2011 (Vasile, 2011).
5. The government should reinforce the partnership with civil society organisations in delivering services in the sector. The private sector is gaining importance, but the services provided are accessible to only a small part of beneficiaries due to their relatively high cost. On the other hand, public services are of low quality and sometimes inadequate; specialised NGOs can provide better services and at a lower cost.
6. The decentralisation put too much burden on local authorities; consequently, large disparities exist across regions and counties in service delivery. This policy should be revised because the long-term care is first of all a national issue.

2.5 The role of social protection in promoting active ageing

2.5.1 Employment

The Romanian system of social protection does very little to stimulate the employment of senior workers. The policies in the field are of restrictive type for those willing to leave the active life earlier, rather than trying to encourage them to work longer. Moreover, until the adoption of Law 263/2010, which reforms the public system of pensions, the early retirement was a common practice, which reduced significantly the effective retirement age. The new law imposes drastic conditions and reduction of benefits in case of early retirement. In order to keep longer the workers in the labour market, the Romanian authorities opted for a restrictive policy rather than a motivational one. Thus longer carriers are not rewarded, but shorter ones are penalised.

The first post-communist reform of the pension system started in April 2004; one of the main measures was the gradual increase of the retirement age. Initially planned to be the same (65 years by 2016) for both men and women, the recently adopted law 263/2010 introduced a two years gap between genders: by January 2015 the retirement age of men will reach 65 years (currently 64 years and 3 months), while that of women will be raised to 60 years at that date (currently 59 years and 3 months). Afterwards, the age of retirement for women will be increased until 63 years by January 2030.

These are standard retirement conditions; in case of police and military personnel, the age of retirement will pass from 55 years at presented to 60 years by January 2030 for both genders. The working conditions are also a criterion for retirement. The labour legislation classifies the working conditions in three categories (normal, arduous and very arduous). The contribution rates are different across categories, while the retirement is allowed for a shorter standard period of contributions in case of arduous and very arduous conditions.

The legislation in the field does not impose a mandatory retirement age, but allows – in certain conditions – to cumulate pension and salary.

2.5.2 Participation in society

The rate of participation to volunteer work in Romania is among the lowest in the European Union: 14% as compared to the EU average of 26% (EC, 2012). This seems to be a regional

characteristic, as most of the other countries of the region (Hungary, Poland, Bulgaria, Greece) record similar or even lower rates. Low participation is also due to the fact that volunteer work does not have an important place in the Romanian culture; most probably this specificity comes from the aversion against this type of activity because in communist time volunteer work was de facto obligatory and largely used by the regime.

Poor interest in voluntary work is equally caused by the fact that this activity is not considered as a contributory period for the pension. However, the most important reason is that voluntary work for society is largely substituted by taking care of a family member – generally an aged person. Romania is ranked the fourth country of the EU where people spend a part of their time to help, assist and take care of someone of the family who needs such assistance.

2.5.3 Healthy and autonomous living

The home assistance, in various forms, of a needy person is an important part of the Romanian system of social protection. In general, this assistance concerns lonely elderly persons and disabled people. Special allowances are granted to these categories of persons for this purpose. Family care against institutionalised one is a priority for the government. Consequently, only 0.01% of disabled adults are institutionalised, the rest living with their families. Similarly, only 32 out of 60,231 children were institutionalised in September 2011.

The expenditures with the home support are shared between social assistance, social insurance, and health care. The first source is used in case of insufficient revenues of the concerned person; social insurance finances disability pensions and related allowances to disability; the health care fund is used for providing resources in case of handicapped individuals necessitating home assistance.

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3 Abstracts of Relevant Publications on Social Protection

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

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

[L] Long-term care

[R] Pensions

[R1] GHETAU, Vasile, Cati pensionari ar piutea avea Romania pana in anul 2030?, Revista de asistenta sociala No 3, 2011, retrieved from http://www.revistadeasistentasociala.ro/index.pl/ci_pensionari_ar_putea_avea_romnia_pn_n_anul_2030

"How many pensioners could Romania have by 2030?"

The study is an attempt to project the number of pensioners in Romania by age and sex from 2010 to 2030. The pensioners included in projection are: three categories of state social insurance pensioners – for age limit, for invalidity and early retirement, and the farmer pensioners. Altogether they represent 86% of the Romanian pensioners. The farmer pensioners compose a closed population, the annual entries being insignificant for a prospective approach extended on 20 years and natural exits (by mortality) only have been estimated by sex and age. For the state social insurance pensioners the method used is an adaptation of the cohort component method of projecting a population by sex and age. Entry rates by sex and birth cohort/age reached during the year have been computed for 2009 and the assumption of constant entry rates was adopted.

[R1] HUANG, Xiaohong, MAHIEU, Ronald, Performance Persistence of Dutch Pension Funds, De Economist, 10.1007, September 2011,Springer.

The paper studies the investment performance of pension funds with a focus on their ability in implementing their intended investment strategy. The authors use a sample of Dutch industry-wide pension funds, which are obliged by law to report their investment performance according to the so-called *z-score*. The *z-score* is a risk adjusted performance measure with benchmark settings predefined by Dutch law. The authors find that pension funds as a group cannot beat their self-selected benchmarks consistently. By applying a cross-sectional portfolio approach, they find evidence that the largest pension funds outperform the smallest funds.

[R1] IMF, The Challenge of Public Pension Reform in Advanced and Emerging Economies, IMF Fiscal Affairs Department, December 2011, retrieved from: https://www.imf.org/external/np/pp/eng/2011/122811.pdf

The paper revises the current pension landscape in advanced and emerging economies by analysing the patterns of pension spending. Based on these patterns, the authors made spending

projections for two periods: 2010 – 2030, respectively 2030 – 3050. Reform options are equally discussed with respect to the fiscal consolidation of the pension systems in advanced economies, emerging Europe and other emerging countries in the world.

[R1] IPE, European Institutional Asset Management Survey 2011, INVESCO, June 2011, retrieved from: http://www.finalternatives.com/node/17214

The 2011 survey received responses from 148 investors from 25 countries, with total assets under management of €1,194bn, which have jumped threefold. French assets at EUR 732bn represent 62% of the sample. 69% of the previous year's respondents completed the survey. Just under half of the investors were small (under EUR 1bn), 34 were large (over EUR 5bn) and 45 were in between. The greatest number of responses again came from Benelux and Great Britain & Ireland. With two or more categories to choose, 75% described themselves as pension funds, 6% as insurers and almost 17% as others.

[R2] MMFPS, Proiect de lege privind organizarea si functionarea sistemului de plata a pensiilor private, Recomandari Juridice, September 2011, retrieved from:
http://www.juridice.ro/wp-content/uploads/2011/09/230911LEGE-PLATA-PENSIILOR.pdf
"Draft law on the organisation and functioning of the payment system in case of private pensions"

The draft law sets the rules for the creation, organisation, and functioning of the payment system in case of private pensions that are supervised by CSSPP. It also regulates the organisation and functioning of private pension funds, as well as of other entities involved in this field. Finally, the law stipulates the set of rules for prudential surveillance of the overall system of payment of private pension.

[R1] OECD, Pension market in focus, Issue 8, July 2011, Paris, retrieved from:
http://www.oecd.org/document/35/0,3746,en_2649_34853_36082019_1_1_1_1,00.html

This annual publication reviews trends in the financial performance of pension funds, including investment returns and asset allocation, and reports on trends in public pension reserve funds. The 2011 issue deals in particular with the performance of the pension funds and of that of public pension reserve funds. Having weathered the financial crisis, pension fund asset levels in most countries continue to show strong growth and are on the way to returning to pre-crisis levels. During 2010, both economic and financial indicators showed signs of further recovery. However, the outlook for future economic growth in developed economies remains uncertain and sluggish.

[R1; R2] PONDS, Edward, SEVERINSON, Clara, YERMO, Juan, Funding in Public Sector Pension Plans: International Evidence, OECD Working Papers on Finance, Insurance and Private Pensions, No. 8, 2011, Paris, retrieved from:

http://dx.doi.org/10.1787/5kgcfnm8rgmp-en

The paper gathers evidence on public sector pension plans regarding the type of pension promise and quantifies the future tax burden related to these pension promises. The reported liabilities are recalculated using both a fair value approach (local market discount rates) and a common, fixed discount rate across all countries which reflect projected growth in national income. The authors estimate for a number of plans from a sample of OECD countries the size of the net unfunded liabilities in fair value terms as of the end of 2008. This fiscal burden can also be interpreted as the implicit pension debt in fair value terms.

[R1] PREDA, Marian, GRIGORAS, Vlad, The public pension system in Romania: myths and facts, Transylvanian Review of Administrative Sciences, No. 32 E/2011, pp. 235-251, retrieved from

http://www.rtsa.ro/en/files/TRAS-32E-2011-15Preda-Grigoras.pdf

The article analyse five myths that circulate in the Romanian public sphere about the state pension system. The argument shows that in Romania a large proportion of pensioners are actually fairly 'young'. Their life expectancy is higher than some claim it is, and, on average, they are less poor than young people, children, and the average population, their pension reasonably replaces their salary income, and, despite its public support, the lower retirement age for women compared to that of men leads to disadvantages for the female pensioners.

[R1] RAMASWAMY, Srichander, The sustainability of pension schemes, BIS Working Papers No. 368, January 2012, Basel, retrieved from: http://www.bis.org/publ/work368.htm

Poor financial market returns and low long-term real interest rates in recent years have created challenges for the sponsors of defined benefit pension schemes. At the same time, lower payroll tax revenues in a period of high unemployment, and rising fiscal deficits in many advanced economies as economic activity has fallen, are also testing the sustainability of pay-as-you-go public pension schemes. Amendments to pension accounting rules that require corporations to regularly report the valuation differences between their defined benefit pension assets and plan liabilities on their balance sheet have made investors more aware of the pension risk exposure for the sponsors of such schemes. The paper sheds light on what effects these developments are having on the design of occupational pension schemes, and also provides some estimates for the post-employment benefits that could be delivered by these schemes under different sets of assumptions. The paper concludes by providing some policy perspectives.

[R5] STACIU, Mariana, MIHAILESCU, Adina, Starea saraciei in Romania in context European, Raport Social No.4, ICCV, October 2011, retrieved from
http://www.iccv.ro/node/277

"The poverty situation in Romania in the European context"

The report, published by ICCV (The Institute for the Quality of Life), evaluates the poverty situation in Romania in an EU comparative perspective. It concludes the poverty in Romania is the highest in the European Union, the numerous families being the hardest hit by the phenomenon. The report analyses the extent to which the employment is a guarantee for getting out of poverty; the conclusion is that after a full working carrier, the third age is not exempted from poverty.

[H] Health

[H4] LORENZONI, Luca, PEARSON, Mark, Description of Alternative Approaches to Measure and Place a Value on Hospital Products in Seven OECD Countries, OECD Health Working Papers No. 56, April 2011, Paris, retrieved from:
http://dx.doi.org/10.1787/5kgdt91bpq24-en

The paper provides a description of the classification systems used to measure hospital services in selected OECD countries (Australia, Canada, England, France, Germany, Norway, and the United States). Three classifications are relevant: those on diagnoses; on procedures; and on products. In addition, methods used to measure the cost of hospital services are reviewed. The authors conclude that comparisons are possible notwithstanding the different approaches used in developing DRG prices and that secondary data sets available through health administrations and national insurance funds for purposes of reimbursement, health financing, and hospital budgeting can be used to estimate the cost of a representative basket of hospital products to compare price levels across countries.

[H2] PAULY, Mark, SAXENA, Anand, Health Employment, Medical Spending, and Long Term Health Reform, CES IFO Working Paper No. 3481, May 2011, retrieved from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1860043

The paper explores the relationships between the growth in the medical workforce in an ageing society and employment in other sectors of the economy, based on data from the United States since 1985. Employment in medical services grew, but did not displace employment in other sectors uniformly. Instead, regression analysis shows that medical workforce growth produced contemporaneous reductions in relative employment in the manufacturing, construction, and information sectors, while being associated with growth in other services and public administration. Import penetration and productivity growth mattered, but much of the displacement remains even after controlling for these factors.

[H7] RAJNES, David, Fast-track Strategies in Long-Term Public Disability Programmes Around the World, Social Security Bulletin, Vol. 72, No.1, February 2012, Washington, retrieved from http://www.ssa.gov/policy/docs/ssb/v72n1/ssb-v72n1.pdf

Long-term public disability programmes in the United States and several other countries have incorporated fast-track (FT) procedures that share a common goal of accelerating applicants through various stages of the disability determination process—generally for those with severe disabilities, blindness, or terminal illness. This article identifies a variety of FT procedures either implemented or under consideration in public long-term disability programmes operated in the United States and other countries; compares FT procedures in those disability programmes with respect to specific programme features, differences with respect to the administrative components involved in those procedures, and the level of technology used; examines more generally why countries may consider implementing FT procedures; and describes how FT procedures may be employed to improve overall processing of claims and contribute to disability case management.

[H4] SAVEDOFF, William, Governance in the Health Sector. A Strategy for Measuring Determinants and Performance, World Bank Policy Research Working Paper No. 5655, May 2011, Washington, retrieved from: http://siteresources.worldbank.org/EXTHDOFFICE/Resources/5485726-1239047988859/Savedoff_WB_Health_Sector_Governance_091101.pdf

The paper reviews the concept of governance as it is used in the literature on private firms, public administration, international development and health. It distinguishes between indicators that measure governance determinants from those that measure governance performance in order to propose a framework that is analytically coherent and empirically useful. The framework shows how these indicators can be used to test hypotheses about which governance forms are more useful for improving health system performance. The paper concludes by proposing specific measures of governance determinants and performance and describes the instruments available to collect and interpret them.

[L] Long-term care

[L] BONEA, Georgiana-Virginia, Aspecte practice privind sistemul public de protective a copiilor cu disabilitati, Calitatea Vietii, XXIII, No. 1, 2011, Bucuresti, page 83-102.

"Practical aspects regarding the public system of protecting disabled children"

The paper describes the evolution of child protection system in Romania, in case of disabled children. The author concludes that this system, after 20 years of transition, remains rudimentary and the quality of services provided in the residential centres is still low. Consequently, the system does not respond properly to the effective needs of the beneficiaries.

The paper proposes several directions for improving the situation, including legislative changes and the introduction of a counselling centres for parents with disabled children.

[L] CREMER, Helmuth, PESTIEAU, Pierre, Social Long Term Care Insurance and Redistribution, CES IFO Working Paper No. 3452, May 2011, retrieved from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1846425

The authors study the role of social LTC insurance when income taxation and private insurance markets are imperfect. Policy instruments include public provision of LTC as well as a subsidy on private insurance. The subsidy scheme may be linear or nonlinear. For the linear part a continuous distribution of types, characterised by earnings and survival probabilities is used. In the nonlinear part, society consists of three types: poor, middle class and rich. The first type is too poor to provide for dependence; the middle class type purchases private insurance and the high income type is self-insured. The main questions are at what level LTC should be provided to the poor and whether it is desirable to subsidise private LTC for the middle class. The results are similar under both linear and nonlinear schemes.

[L; R1; H1] RYAN, Daniel, SINGLETON, Matt, A window into the future: Understanding and predicting longevity, Swiss Re, 2011, Zurich, retrieved from: www.swissre.com

The publication revises the traditional methods of forecasting future life expectancy, concluding that the existing methods lead often to underestimation, which has direct consequences for policy making. The authors identify the factors responsible for this underestimation problem, and propose a forward looking methodology to construct a scenario-based model of future life expectancy. The scenario serves for building a disease-centred mortality model, which involves committing resources from public authorities.

[L] SOWA, Agnieszka, STYCZYNSKA, Izabela, Determinants of Obtaining Formal and Informal LTC across European Countries, CASE Network Studies and Analyses No. 431, December 2011, Warsaw, retrieved from:
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1966544

The aim of the paper is to identify patterns of utilisation of formal and informal long term care across European countries and discuss possible determinants of demand for different types of care. Specific research questions are of the volume of different types of care and conditions under which care is undertaken. The latter include demographic factors, especially ageing, health status and limitations caused by poor health, family settings and social networking. The analysis indicates substantial differences across European countries depending on the tradition and social protection model that determine availability of institutional care and provision of informal care. Countries of the continental Europe are less unified with high share of people using formal settings of care, but also combining formal and informal care. In Mediterranean countries provision of informal care, including personal care, plays much greater role than formal LTC.

4 List of Important Institutions

Academia de Stiinte Medicale (ASM) – The Academy of Medical Sciences

Contact person: Prof. Dr. Laurentiu Mircea Popescu
Address: Splaiul Independentei 99 – 101 Sector 5, Bucuresti
Tel. 021 3115380 021 3115381
Webpage: http://www.adsm.ro/index.html

The institution, created in 1935, is subordinated to the Ministry of Public Health. It undertakes medical and pharmaceutical research, and coordinates various research programmes at national and sectoral level (VIASAN15 is the most important one). No publication is available on ASM site, although three scientific departments coexist within the institution: Biomedical Fundamental Sciences, Internal Medicine, and Clinic Surgery.

Agentia Nationala pentru Prestatii Sociale – National Agency for Social Services

Contact person: Marinela Nicoleta Dinu
Address: Str. Ion Campineanu 20, Sector 1, Bucuresti
Tel. 021 313 60 47
Webpage: http://www.prestatiisociale.ro/

The agency is subordinated to the Ministry of Labour, Family and Social Protection. Its role consists of administrating social assistance services provided from central budget, with the declared objective to ensure equity in the provision of these services. De facto, the agency deals in principal with the provision of family allowances and heating allowances. At local level, the agency disposes of territorial (county) units in charge of effective provision of services.

Asociatia pentru Pensiile Administrate Private din Romania (APAPR) – The Association of Privately Administrated Pensions from Romania

Contact person: Cornelia Aurelia Coman
Address: Str. Costache Negri 1 – 5 Sector 5, Bucuresti
Tel. 037 228 95 63
Webpage: http://www.apapr.ro/

APAPR is a professional non-governmental structure whose objective is to defend the interest of institutions and persons involved in the private pensions system. It is very active in formulating legislative proposals in the field and promoting the private system of pensions. In 2008, APAPR integrated the European Federation of Pension Funds and the International Federation of Multi-Pillar Private Pensions. The website offers good and up to date information on the privately managed funds – second and third pillar.

Autoritatea Nationala pentru Persoanele cu Handicap (ANPH) – National Authority for Disabled Persons

Contact person: Claudia Bratan
Address: Calea Victoriei 194, Sector 1, Bucuresti
Tel. 021 2125438
Webpage: http://www.anph.ro/

ANPH is a specialised governmental body, subordinated to the Ministry of Labour, Family and Social Protection, in charge of coordinating the policies related to the protection of disabled persons. ANPH is also empowered to elaborate the standards and norms required in

[15] Life and Health : www.viasan.ro.

residential institutions for handicapped people. There are two bodies under ANPH subordination: The Institute for Preventing the Social Exclusion of Disable Persons, respectively The Commission for Evaluation of Disabled Adults.

Casa Nationala de Asigurari de Sanatate (CNAS) – National House for Health Insurance

Contact person:	Nicolae Lucian Duta
Address:	Calea Calarasilor 248, Sector 3, Bucuresti
Tel.	0372.309.262
Webpage:	http://www.cnas.ro/

CNAS is an autonomous public institution responsible for the overall coordination and management of the health insurance. CNAS has county branches and includes the special regimes of Transport, Defence, Interior, and Justice. The institution offers a wide range of information (studies, statistical data, budget execution, legislation), not all of them updated. The most recent activity report, for example, concerns the year 2008, and the budget execution ends in 2006.

Casa Nationala de Pensii si Alte Drepturi de Asigurari Sociale (CNP) – National House of Pensions and Other Social Insurance Rights

Contact person:	Domnica Doina Parcalabu
Address:	Str. Latina 8, Sector 2, Bucuresti
Tel.	021 3162830
Webpage:	http://www.cnpas.org/portal

CNP is an autonomous public institution in charge of administrating the public system of pensions, as well as the work accidents scheme. The institution offers various information to beneficiaries and statistical data regarding the first and second pillar, but no studies or reports.

Comisia de Supraveghere a Sistemului de Pensii Private (CSSPP) – Commission for Monitoring the System of Private Pensions

Contact person:	Mircea Oancea
Address:	Calea Serban Voda 90-92, Sector 4, Bucuresti
Tel.	021 3301035 0213301037 / 0213301046
Webpage:	http://www.csspp.ro/

Founded in 2005, CSSPP is directly subordinated to the Parliament and is responsible for prudential regulation and control of the private system of pensions. The institution also delivers the necessary permits to pension funds, administrators, depositors and auditors. In the legal domain, CSSPP adopts private pension norms, and elaborates and approves normative acts.

Institutul de Cercetare a Calitatii Vietii (ICCV) – The Research Institute for Quality of Life

Contact person:	Catalin Zamfir
Address:	Calea 13 Septembrie 13, Sector 5, Bucuresti
Tel.	021 3182461
Webpage:	http://www.ince.ro/iccv.html

ICCV was founded in 1990 as a branch of the National Institute for Economic Research – a group of several public research institutions affiliated to the Romanian academy. It is the main institutional structure dealing with social policies, including health care, poverty alleviation, standards of living, pension system, regional development, minorities, etc. The institute publishes two periodicals (The Quality of Life Review – biannual, respectively the Social Innovation Review – electronic form).

Institutul National de Cercetare Stiintifica a Muncii si Protectiei Sociale (INCSMPS) – The National Scientific Research Institute for Labour and Social Protection

Contact person:	Vasilica Ciuca
Address:	Str. Povernei 6 – 8, Sector 1, Bucuresti
Tel.	021 3124069
Webpage:	http://www.incsmps.ro/index.php?lang=romanian

Founded in 1990, the institute carries out surveys and research in the area of human resources management, social development and social protection. It has been involved in elaborating several important studies (National Human Development Report 2007, The System of Social Protection Indicators in Romania) and strategic documents (The Reform of Social Security in Romania).

Ministerul Muncii, Familiei si Protectiei Sociale (MMFPS) – The Ministry of Labour, Family and Social Protection

Contact person:	Sulfina Barbu, Minister
Address:	Str. Dem I Dobrescu 2 – 4 Sector 1 Bucuresti
Tel.	021.313.62. 67,021.315.85.56
Webpage :	http://www.mmuncii.ro/ro/

The institution is responsible for elaborating and implementing the governmental policies in the fields of labour, family, equal opportunities, and social protection. In this respect, the ministry has the following functions: elaborates the legislation in the field; designs the corresponding labour and social protection programme; coordinates the Social European Fund; implements the EU financed programmes in its area of responsibility.

Ministerul Sanatatii – The Ministry of Health

Contact person:	Ladislau Ritli, Minister
Address:	Intr. Cristian Popisteanu 1 – 3 Sector 1 Bucuresti
Tel.	021.3072500 / 021.3072600
Webpage :	http://www.ms.ro/

The institution is responsible for elaborating and implementing the governmental policies in the fields of health care. Specifically, the ministry is in charge of designing and implementing the public health policies, elaborating the package of general health services, coordinating the emergency health care, elaborating the drugs strategy, implementing specific health programmes, ensuring the health inspection.

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