



Annual National Report 2011

Pensions, Health Care and Long-term Care

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1 Executive Summary

This report deals with old-age pensions, health policies and long-term care schemes in Austria. It highlights system characteristics, recent reforms and political discourses as well as current challenges.

Political debates on questions of pensions were not very intense during the first 10 months of 2010, but in late October 2010 the government came up with their plans for budget consolidation. The package for budget consolidation included a gradual reform of early retirement, where access was tightened to some degree. Furthermore, access to invalidity pensions was modified, bringing an increased emphasis on rehabilitation measures and other gradual changes, and tightening access for some groups, but at the same time easing access for others. Interestingly, these reforms did not implicate an abatement of related discussions, as debates on the issue of early retirement evidently intensified during the last months. This was – inter alia – caused by new calculations presented by the “Commission for the Long-term Sustainability of the Pension System”, which indicate a much less favourable financial development of the pension system when compared to earlier forecasts. Several relevant actors are now asking for more far-reaching reforms of early retirement - especially for the cause of financial sustainability -, whereas others are opposed to such measures. Overall, these developments point to the direction that related debates will continue. But more encompassing reforms are extremely unlikely in the near future, given the largely different positions of relevant decision makers.

A number of other challenges evident within the policy area of pensions have not, or only rudimentarily, been addressed since the beginning of 2010, both in terms of debates and actual measures decided. This holds true, for example, for the question of adequacy of minimum pensions (in terms of poverty prevention), for questions of the (rather low) intragenerational distributional impact of the pension system and regarding high differences in benefit levels according to gender. The same is true regarding the role of private/funded pensions, where political activity has as well been largely absent.

A related development is evident concerning health care. Here, debates and reforms again had their focus on financial sustainability. It is fair to say that reforms decided in 2009 were rather successful in improving the financial situation of the health insurance providers, of which some were close to bankruptcy in 2008. However, as much as no progress has been made regarding one other long-standing challenge within the Austrian health system, which is the very complex structure of decision-making and financing, which is supposed to go ahead with substantial inefficiencies, especially regarding the hospital sector. Since the beginning of 2011, this topic has been put on the agenda again, and more structural reforms are currently discussed within institutionalised negotiations between different relevant stakeholders. Overall, it is likely that this process will turn out to be a rather lengthy issue, and results should not be expected at short notice. It has to be awaited if these negotiations will – inter alia – also contribute to a more content-related reform of the Austrian health system. Here, one major challenge appears to be that the Austrian health system has a very strong focus on curative treatment, whereas preventive strategies appear to be underdeveloped from an internationally comparative point of view.

During the last year, debates in the area of long-term care (LTC) very much concentrated on a) the level of and access to cash benefits and b) the question of overall financial sustainability of the system. In the context of the latter, however, more structural questions of organisation gained some increased attention as well, in the first instance regarding cash

benefits, but not concerning questions of the organisation of and the access to outpatient and semi-outpatient LTC-services. Actual reforms within the LTC policy area enclose above all a somewhat tightened access to long-term care cash benefits, the bundling of all competencies regarding cash benefits at the level of the federal state and the establishment of “long-term care funds”, designated to secure financial sustainability regarding LTC-services (provided by the federal provinces and the municipalities) during the next three years. It is fair to say that these reforms at first instance aim at prevailing the status quo (even in times of tight budgets), but that, at the same time, they fail to address more structural problems of the Austrian LTC system. The relevant actors at all levels (i.e. at the level of the federal state, of the federal provinces and of the municipalities) largely appear to be aware of this fact and a working group has been installed to come up with new proposals for a more structural reform of LTC. Results are, however, not expected before the end of 2012. Furthermore, it has to be awaited if this working group will only come up with new models regarding questions of financing, or if it will also present new strategies regarding other long-standing challenges of the Austrian LTC system, e.g. access to and the quality of at-home and semi-outpatient care services and a variety of problems related to a rather large sector of informal care.

2 Current Status, Reforms and the Political and Scientific Discourse during the previous Year (2010 until May 2011)

2.1 Overarching developments

Like most of the other EU Member States, Austria was hit by the financial and economic crisis as from the third quarter of 2008. In 2009, real GDP slumped by 3.9% in Austria (EU-27-average: -4.2%),¹ but the economy started to recover as from the following year, with a growth rate of real GDP of 2.0% in 2010 (EU-27: 1.8%). For 2011, real GDP is expected to rise by 1.7% (EU-27: 1.7%).

Rather strong automatic stabilisers, together with an income tax reform decided in early 2008 and comparatively large anti-cyclical recovery packages, helped to stabilise the national economy. The unemployment rate increased from 3.8% in 2008 to 4.8% in 2009, but in 2010 it again fell to 4.4%, which represents the lowest level of all EU Member States. Furthermore, the overall employment rate only slightly decreased to a level of 71.6% in 2009 (from 72.1% in 2008), and then very slightly increased again to 71.7% in 2010.

The anti-cyclical recovery packages, together with the automatic stabilisers, contributed to increasing deficits of public budgets. Net lending of the general government (i.e. public deficit according to the European excessive deficit procedure) increased to 3.5% in 2009 (EU-27: 6.8%) and to 4.3% in 2010 (EU-27: 6.8%).

Against this background, the national government decided on an austerity package in late 2010, affecting the budget for the years 2011-2014. Measures decided within this package include, amongst others, also issues of social protection, but the actual impact appears to be rather limited regarding the policy areas of pensions, health and long-term care (see below Chapters 2.2.1, 2.3.1 and 2.4.1).

Overall, it is fair to say that the crisis did not lead to a substantial reorientation of social protection policies in Austria. Related reforms were more of the type of incremental adaptation. However, debates on more structural questions have become somewhat more intense during recent months. Hereby, several actors criticise that recent reforms are not far-reaching enough and that structural questions should be addressed instead of implementing cost-curtailment according to a “lawn-mower approach”, where outlays across policy areas are, to a large degree, cut on a pro-rata basis, without applying a more elaborated strategic approach. Related debates currently take place regarding the pension system - especially concerning the questions of early retirement. Regarding health care and long-term care, working groups comprising representatives of the federal state, the federal provinces and other stakeholders have been established, and are planning to come forward with proposals - or even decisions - for some kind of structural reform within these areas. However, results should not be expected at short notice, given the substantially different positions of relevant actors and decision makers. Furthermore, it has to be stressed that the focus of related debates currently appears to be more on questions of cost-efficiency, and to much lesser degree on distributional impact.

¹ All data in the following section derive from Eurostat database.

2.2 Pensions

2.2.1 The system's characteristics and reforms

The most important source for the provision of retirement income in Austria is the so-termed “statutory pension system” (“*Gesetzliche Pensionsversicherung*”) (see BMASK 2010, 63ff. Hauptverband der Österreichischen Sozialversicherungsträger 2010a, 384ff.). It provides old-age pensions, surviving dependants’ pensions, as well as invalidity pensions.

Today, the statutory pension system includes, in principle, all people in gainful employment,² with the exception of civil servants, who have traditionally been covered by their own systems. However, under the Act on the “Harmonisation of Austrian Pension Systems”, which took effect on 1 January 2005, uniform pension laws were created for all gainfully employed people, including federal civil servants.³

The system is primarily financed by insurance contributions according to the principles of a pay-as-you-go system (PAYG). However, if spending is higher than revenues from insurance contributions, the federal state has to finance them from the general budget via the so-called “deficiency guarantee”. Furthermore, there are rules in place stipulating that outlays for some specific elements of the statutory pension system are to be covered by the general budget. Here, the by far most important matter of expense is the so-called “equalisation supplement”, which serves as a kind of minimum pension. In 2010, the overall share coming from the federal budget (so-called “*Bundesbeitrag*”) amounted to about 2.65% of GDP or 23% of overall spending on pensions (i.e. old-age pensions, invalidity pensions and surviving dependants’ pensions) (Hauptverband der Österreichischen Sozialversicherungsträger 2011, 112f.).

The formula for the calculation of benefits underwent rather large-scale reforms in the early 2000s (decided in 2001, 2003 and 2004; see e.g. Fink 2009 and Knell et al. 2006 for a more detailed assessment). These reforms are subject to a number of different transitional arrangements, but from a mid-term perspective, the effect will be a largely linear benefit formula (however subject to a lower and upper ceiling). With these reforms, the contribution base to be taken into account was expanded from the “best” 15 years to lifetime earnings.⁴ Apart from that, the accrual rate was reduced from 2% to 1.78% per year. The maximum replacement rate of 80% of the assessment base will be reached after an insurance history of 45 years, instead of 40 years before the reform. This means that benefits are, as a basic principle, granted as a percentage of the earlier contributory income from work (calculated as an average contributory income – the so-called contribution base). The benefit is the higher, the longer the insurance record, and the higher the preceding contributory income from gainful employment.

However, these regulations (so-called “new law”) are only fully applied to those who had acquired less than 36 insurance months within old-age insurance before 1 January 2005. For

² Employees with wages below the so-called marginal earnings threshold (currently EUR 374.02 per month gross) may opt into the old-age insurance on a voluntary basis.

³ This means that pensions for newly employed federal civil servants are calculated according to the same regulations as those of other persons (for those being younger than 50 in the year 2005, pension entitlements are calculated as a mix of old and new provisions on a pro rata temporis basis, while those older than 50 were exempted from the new system). Furthermore, it should be noted that the federal provinces (Bundesländer) run their own systems for their civil servants. However, most federal provinces enacted related reforms during recent years as well, aligning respective regulations towards the rules in place in the normal “statutory pension system”.

⁴ The “best” years are the ones with the highest earnings.

other groups, benefits are calculated as a mix of old (so-called “old law”) and new provisions on a pro-rata temporis basis, whereby different regulations apply for different age groups. Furthermore, a rather complicated rule applies for “capping” the losses that derive from the above mentioned reforms, which makes things even more complicated (see Fink 2010 for a more detailed assessment). This modus operandi, containing several interim and exception arrangements, makes the whole system extremely confusing for (future) benefit claimants, but also complex and time-consuming for social insurance bodies, e.g. when it comes to the calculation of benefits.

It is worth noting that the reforms of the early 2000s did not only include measures leading to a retrenchment of benefits, but also some elements intended to soften the possible negative consequences of the pension reforms, especially for women, in the first instance deriving from the extension of the assessment base from the “best” 15 years to lifetime earnings, and to compensate for the disadvantages of women on the labour market to a certain extent. The minimum number of contribution years due to gainful work required for an old-age pension was reduced to 7 years (formerly: 15 years), and times spent for bringing up children, which are credited as pensionable years, were raised from 2 years to 4 years per child. Furthermore, the assessment base for times spent with bringing up children was raised from EUR 650 per month to EUR 1,350 per month (2010: EUR 1,528.87; 2011: EUR 1,560.98).⁵

It is worth noting that the Austrian pension insurance system does not provide for an unconditional minimum pension for persons beyond a certain age. However, the so-called “means-tested equalisation supplement” (“*Ausgleichszulage*”) may - on a partly means-tested basis - apply for persons who are, in principle, eligible to a pension entitlement. This means that pensions of low benefit level may be raised to the so-called “equalisation supplement reference rate” in case of financial indigence. Thereby, apart from the pensioner’s income, the income of spouses or partners is taken into account (but not assets). The monthly reference rate (2011) amounts to EUR 793.40 for singles, to EUR 1,189.56 for married couples and a supplement of EUR 122.41 is granted per child (all numbers gross). It is has to be stressed that pensions (same as salaries and wages) are paid out 14 times per year in Austria. The overall net yearly equalisation supplement reference rate (taking into account insurance contributions for health insurance) currently amounts to EUR 10,416 for singles and to EUR 15,624 for couples. This equals EUR 868 per calendar month for singles and EUR 1,302 per calendar month for couples.

Maximum levels of pensions are indirectly stipulated via the upper earnings limit for insurance contributions, where income above this limit is not subject to insurance contributions, but which is at the same time also not taken into account as contributory income for calculating pensions. In 2011, the maximum pension from the statutory pension system amounted to EUR 2,887.15 per month (gross; 14 times per year).⁶

The statutory retirement age is 65 for men and 60 for women, with the latter planned to be gradually raised as from 2024, also reaching 65 years in 2033. In this context, it is worth noting that Austria shows a rather long and vivid history of different schemes of early retirement. Early retirement due to “reduced capacity to work” and “on account of unemployment” was abolished under the reforms of 2000 and 2003. However, other forms of early retirement are still in place, both according to “old law” and according to “new law”.

⁵ This assessment base is adjusted on a regular basis, taking into account the development of the overall average monthly assessment base of people in gainful employment (§108 a (1) ASVG).

⁶ But it should be stressed that retired public servants subject to “old law” may be granted much higher pensions.

One form of early retirement according to “old law” is “early retirement on account of long-term insurance contributions” (“*vorzeitige Alterspension bei langer Versicherungsdauer*”). Here, decided as part of the reform 2003, the minimum retirement age is subject to stepwise increase until 2017, up to the statutory retirement age. In July 2011 the minimum age for this form of early retirement is 63 years and 5 months for men and 58 years and 5 months for women. With the reform of 2003, deductions for each year of early retirement have been increased from 3.3% of the benefit to 4.2%. However, this increase of deductions is subject to a “capping” of losses, which in specific cases may lead to somewhat lower actual deductions (see Fink 2010 for more details). For a long time, this scheme used to be the most popular form of early retirement in Austria. In December 2000, no less than 132,167 individuals obtained a benefit according to this scheme, but due to the following reforms, the respective number decreased to 18,309 in December 2010 (Hauptverband der Österreichischen Sozialversicherungsträger 2011, 89).

One other form of early retirement (again according to “old law”) is “pensions subject to very long insurance periods” (so-called “*Langzeitversichertenregelung*” or “*Hacklerregelung*”). Within this scheme, men may retire without deductions (!) as from the age of 60 and women as from the age of 55 if their insurance periods total 45 contributory years (men) or 40 contributory years (women), respectively. This form of early retirement has gained increased popularity during recent years, with the number of individuals receiving such a pension rising from 11,494 in December 2006 to 83,988 in December 2010 (Hauptverband der Österreichischen Sozialversicherungsträger 2011, 89). This scheme was originally planned to expire in 2010, but was then - within the scope of the Sozialrechtsänderungsgesetz 2008; BGBl. Nr. I XX/2008 - decided to be prolonged by three years, i.e. until 2013. However, debates on the subject continued and, in October 2010, a new reform of the *Hacklerregelung* was presented (see below).

Although the overall aim of the pension reforms of the early 2000s was cost containment, the “new law” (as formulated by the pension reform 2004) has actually introduced new forms of early retirement.

One is the so-called “heavy labour pension” (*Schwerarbeiterpension*), which effectively came into force on 1 January 2007. It allows for retirement at the age of 60 for men and women, subject to a deduction of 4.2% for each year of retirement prior to the regular pension age for benefits calculated according to “old law” (with a maximum ceiling of 15%), and of 1.8% per year for benefits calculated according to “new law”.⁷ The general prerequisite is that insurance periods total 45 years and that out of the last 20 years before retirement at least 10 years were spent working in jobs defined as heavy labour, the definition of which is determined according to detailed criteria. This form of early pension is only of minor significance up to now and only used by men, as the general statutory retirement age for women is 60 years anyhow. In December 2010, a total of 2,364 obtained an early retirement according to this scheme (Hauptverband der Österreichischen Sozialversicherungsträger 2011, 89).

The second option under the “new law” is the possibility of early retirement through the establishment of a pension corridor (at the age between 62 and 68 years), with deducts/credits 4.2% of the respective benefit per annum. Here, the entitlement is restricted to persons with at least 37.5 years of pensionable service. This pension corridor is intended to substitute the

⁷ For individuals who acquired at least 36 insurance months within old age insurance before 1 January 2005 benefits are calculated as a mix of “old” and “new” provisions on a pro rata temporis basis, whereby different regulations apply for different age groups.

“early retirement on account of long-term insurance contributions” (which will be completely abolished by 2017; see above). However, this form of early retirement may, in fact, be used together with early retirement according to “old law”, i.e. “early retirement on account of long-term insurance contributions”. In this case, special deductions apply, which are calculated according to very complicated regulations, with different deductions for benefits calculated according to “old law” and “new law”. Currently this form of early retirement may evidently be of interest to men only, as the actual statutory retirement age for women is 60 years only. In December 2011, a total of 10,378 obtained a corridor pension (Hauptverband der Österreichischen Sozialversicherungsträger 2011, 89).

Apart from these options of early retirement in old-age pension, it is worth mentioning that invalidity pensions increasingly tend to serve as a substitute for other forms of early retirement from the labour market (see subsequent chapters of this report for more details). This subject has been on the political agenda in Austria for several years, and in late 2010 decisions were taken to modify access to invalidity pensions to some degree (see below for details).

As mentioned above, the most important source for the provision of retirement income in Austria is the PAYG statutory pension system, whereas other pillars of the pension scheme are – up to now – only of minor de facto importance. Funded company pension schemes (so-called “*Pensionskassen*”) are not mandatory and have for a long time been a phenomenon to be found in large companies only. However, it is worth noting that the number of persons holding an account of a funded company pension scheme has been rising constantly during the last decade, from about 307,500 (or approx. 9.5% of all employees) in 2002 to 724,300 (or approx. 20.5% of all employees) in 2010. About 70,000 individuals are currently (data for 2009) granted a pension from a funded company pension scheme, and the average pension of such schemes currently amounts to approx. EUR 475 per month.⁸

Another part of the “second pillar” of the Austrian pension scheme is the so-called “new severance pay scheme” (*Abfertigung neu*), in force since 1 July 2002. According to this scheme, every employer has to transfer 1.53% of the monthly salary of an employee to a staff provision fund (*Mitarbeitervorsorgekasse / MVK*) set up especially for this purpose. All employees starting a new job after 31 December 2002 are part of this system, which operates according to the principles of a funded scheme. Theoretically, it is the intention that contributions should remain within respective accounts and be invested by the staff provision funds until retirement age is reached, when individuals then may choose between receiving the entire severance pay as a one-time payout or a lifelong pension. However, people may, when changing their jobs and under specific preconditions (after a specific minimum length of contributions to staff provision funds), also opt for a payout in form of a severance pay (and then only start to collect new entitlements in their next job). This is exactly what most (about 90%) of all employees when changing their jobs and meeting the other relevant criteria do. Evidently, this may contradict the political intention to extend the significance of benefits from funded schemes in old-age insurance.

Starting from 1 January 2008, most types of self-employed people have also been included in the new severance pay scheme on a mandatory basis. When self-employed close down their business, they may (alike employees changing jobs) under specific circumstances opt for a payout of their accumulated funds, or for leaving them within their account until they reach retirement age.

⁸ All data derive from the website of the association of the company pension scheme providers within the Austrian Federal Economic Chamber; see: http://portal.wko.at/wk/startseite_dst.wk?AngID=1&DstID=293.

The “third pillar” entails private life insurance and private pension insurance. Here, the so-called “premium-aided pension savings scheme” (*Prämienbegünstigte Zukunftsvorsorge*), which is sponsored by the state, has been available since early 2003. A main incentive to sign a contract according to the premium-aided pension savings scheme is the public subsidy, in the context of which currently 8.5% of the respective insurance premium (up to a ceiling of insurance premiums of EUR 2,313.36 per year) is covered by the state. This instrument appears to be rather well targeted, as it does also set incentives for people with low personal income (which would not apply in the case of tax deductions). However, the impact of the “premium-aided pension savings scheme” on the level of future pensions is likely to be rather limited. About 1,450,000 of such contracts on savings plans existed at the end of 2009, covering only about 23% of the population at the age below 60. Furthermore, the level of premiums paid to such schemes typically appears to be rather low. In 2009, the average premium amounted to about EUR 600 to 760 per year (depending on the type of provider of the scheme) (see FMA 2010).

Reforms in the pension system decided since the beginning of the year 2010, have dealt with early retirement in form of “pensions subject to very long insurance periods” (so-called “*Hacklerregelung*”) and access to invalidity pensions as a priority.⁹

- Regarding the so-called “*Hacklerregelung*”, it has been decided to tighten access to some degree. The entry age will be raised by 2 years as from 2014, i.e. from 60 to 62 for men and from 55 to 57 for women. Furthermore, the entry age for women born after 1 January 1959 will be increased stepwise to 62 years as from 2014 (the entry age of 62 years for women will be in place as from the year of 2027) and women born after 1 January 1959 will, as men, currently have to have an insurance record of at least 540 months of contribution (previously: 480 months of contribution). One other important point is that prices for post-purchasing of contributory times - for periods of school and university studies - were raised considerably (from 2011). Furthermore, as from 2014, the number of constellations which may count as “substitutional insurance times” (*Ersatzzeiten*) will be substantially reduced. Then, only times spent in the military service and/or alternative civilian services in lieu of military service (up to 30 months) and times for raising children (up to five years) will be credited as substitutional insurance times. Other options currently in place will be abolished. These options are: post purchasing of contributory times for periods of school and university studies, times where people obtained sick pay (*Krankengeld*), times of voluntary insurance, times of “prolonged insurance” (*Weiterversicherung*) of recipients and times of obtaining unemployment benefit and unemployment assistance (which currently counts as *Ersatzzeit* for women born after 1 January 1955). Regarding invalidity pension, access was modified to some degree (coming into force from the beginning of 2011). Here, access may now only be granted if working ability could not be restored by preceding rehabilitation measures, which are now mandatory, but which were of optional character before. Here, the so-called “*Gesundheitsstraße*”, centrally managed by the old-age insurance funds, is planned to serve as a central and co-ordinated institution for occupational medical examination, dealing with examinations of working ability. Furthermore, it was decided to set up a programme called “fit2work” to deal with prevention measures via different instruments of support and information, etc. This programme is planned to be introduced stepwise from 2011 to 2013 in all federal provinces.

⁹ Both of them presented in October 2010 and finally decided on 20 December 2010 within the ‘Budgetbegleitgesetz 2011’, BGBl. I Nr. 111/2010.

Furthermore, regulations on so-called “vocational protection” (*Berufsschutz*) have been changed to some degree, whereby access to invalidity pensions was somewhat tightened for white-collar employees and skilled workers. According to the new regulation, these groups can be granted access to invalidity pension only in case that their working capacity was reduced by at least 50% (when compared to healthy people) regarding the occupation they were engaged in with at least 90 months (= 7.5 years) of obligatory insurance within the last 15 years. At the same time, they have the right to refuse to take up a different type of occupation than the one performed before, even if this other occupation would be more compatible with their physical and/or mental status: this is what is called “vocational protection”. Before, the respective regulation also entailed the 50%-clause, i.e. vocational protection applied to the occupation accounting for more than 50% of the insurance records during the last 15 years. In other words: With the introduction of a minimum of 90 insurance months during the last 15 years within the respective occupation, the rules regarding vocational protection got tightened to some degree.

But at the same time access to invalidity pension was somewhat eased for unskilled workers. This group traditionally had very limited access to invalidity pensions, because “vocational protection” does not apply for them. This means that the working capacity of unskilled workers is assessed against the physically and/or mentally least demanding occupations or activities: as long as working capacity amounts to at least 50% (regarding the least demanding occupation or job) an invalidity pension may not be granted - irrespective of the question whether such a job is actually available on the labour market or not. However, as a temporary exception, unskilled workers may now be granted easier access to invalidity pension within a special new scheme called “hardship provision” (*Härtefallregelung*), which is, however, planned to expire again in 2015. Hereby, access to invalidity pension may be granted to people who, according to their physical and/or mental health, can only perform work with the lowest job requirements, but where no such job could be found within a year. Furthermore, benefit claimants must show an insurance record of at least 30 years, of which at least 20 years must be contribution years due to gainful employment.

At the same time it should be mentioned that, as a general rule, people aged 57+ may be granted access to invalidity pension if they become unable to perform the occupation that they were engaged in for at least 10 years during the last 15 years; however, “reasonable occupational changes” have to be accepted by individuals. This rule already applied before the recent reform, and did not get changed.

Apart from the above mentioned reforms, measures decided or coming into force in 2010 or 2011 dealt with indexation.

- In 2010, pensions were valorised according to the pensioners’ price index. This means that most pensions were upgraded by 1.15% as from 1 January 2010. Pensioners eligible to rather low benefits also received an additional one-time lump sum payment. The lump sum payment was set at 4.2% of the monthly benefit for pensions below EUR 1,200 and was then subject to a linear stepwise reduction for pensions between EUR 1,200 and EUR 1,300. On the whole, the valorisation of pensions in 2009/2010 turned out to be less generous than the one decided for 2008/2009, when pensions were upgraded to an amount exceeding consumer-price inflation as part of a policy package preceding the national elections of September 2008 (see Fink 2009, 6f.).
- In 2011, pensions were valorised at an even lower level than in 2010. The pensioners’ price index, which is – in principle – the relevant benchmark in Austria (§108h Abs.1

ASVG) on average amounted to 1.2% between August 2009 and July 2010 (see Kommission zur langfristigen Pensionssicherung 2010a, 8). However, given the tight budgetary situation, it was decided that only pensions up to a level of EUR 2,000 gross per month will be valorised by this amount in 2011. Then, indexation is decreasing according to a linear scale for pensions between EUR 2,000 and EUR 2,310 and pensions above EUR 2,310 are not subject to any indexation in 2011.

2.2.2 Debates and political discourse

Public debates and political discourse on questions of pensions were not very intense during the first 10 months of 2010, and it appears that the government tried to avoid more wide-spread public debates on this issue before they came up with their plans for budget consolidation in late October, which also addressed questions of pensions – in the first instance regarding early retirement via the so-called *Hacklerregelung* and invalidity pensions (see above). Irrespective of the fact that these reforms were then pushed through rather rapidly, the debate on a) early retirement (and to a lesser degree invalidity pensions) and b) the mid and long-term financial sustainability of the pension system intensified thereafter and it currently still remains on the agenda.

The question of early retirement and invalidity pensions is a long-standing issue in Austria (see e.g. Fink 2010). By the beginning of 2010, the Minister for Social Affairs, Rudolf Hundstorfer, proposed a model according to which the *Hacklerregelung* should be phased out stepwise as from 2014. Then, by the end of January 2010, the topic was handed over to a working group, comprising representatives of the social partners (i.e. representatives of the trade unions and employers' organisations) and the Ministry for Social Affairs. Hereby, the goal was not only to reform the *Hacklerregelung* but also invalidity pensions. The latter had been on the agenda for a while as well and had already been dealt with in earlier working groups (again with involvement of the social partners), however, with no concrete results in the sense of an agreement on reform (see Fink 2009). The declared goal of these new negotiations was to formulate a reform package by June 2010, but it took until the end of October 2010 before the reform plans (see above) were made public, together with other measures aiming at budget consolidation.

The presentation of these reform plans did not lead to large-scale public debates in the first instance, as there appeared to be a wide-spread consensus that something had to be done on these issues. In November and December of 2010 (i.e. directly after reform plans had been presented), critical voices popped up only to a minor degree. E.g. women's organisations within the Austrian trade unions criticised that the reform of the *Hacklerregelung* discriminated against women (especially due to the expansion of minimum insurance records),¹⁰ the youth organisation within the Austrian People's Party criticised that the reforms on early retirement were not far reaching enough,¹¹ as did e.g. the Federation of Austrian Industry.¹² The Austrian Economic Chamber came up with its own new model for increased incentives for staying on the labour market longer (instead of retiring),¹³ but this model did not get widely discussed. In November 2010, the Minister of Finance and Vice-Chancellor, Josef Pröll¹⁴ (ÖVP), criticised that the reform on the *Hacklerregelung*, as then

¹⁰ OTS0235 II, WI 05.11.2010.

¹¹ OTS0075 II 27.11.2010.

¹² OTS0072 WI, II 30.11.2010.

¹³ OTS0220 II, WI 09.11.2010.

¹⁴ He has resigned in the meantime due to health problems.

presented in the related draft act, would mean that this scheme would, in fact, be made an open-ended arrangement, but not “phased out”, as proposed in earlier discussions.¹⁵ The minister of Social Affairs, Rudolf Hundstorfer (SPÖ), rejected this criticism, saying that the draft act exactly covered what was earlier agreed upon during a “budget-conclave” of the two parties in coalition – i.e. SPÖ and ÖVP - , which had taken place at the end of October 2010.¹⁶ The content of the related reform did not get changed any more at this stage, and it was formally decided in Parliament by the end of December (Budgetbegleitgesetz 2011, BGBl. I Nr. 111/2010).

Although *public* discussions on related questions were not very intense during late 2010, it appears that more substantial debates took place backstage between political actors and some selected scientists, but without broad pro-active involvement of the media, etc. Here, questions discussed did not only address the topic of early retirement and invalidity pensions, but also the overall financial sustainability of the Austrian pension system. These debates had their starting point in the publication of the report “on the long-term development of the statutory pension system for the period 2009 to 2060”, which was presented by the so-called “Commission for the Long-term Sustainability of the Pension System”¹⁷ in September 2010 (see Kommission zur langfristigen Pensionssicherung 2010b). This report provides new long-term projections on likely future developments in spending for the statutory pension system, and these projections show a far more problematic development than earlier forecasts. This especially holds true for likely developments as from ca. 2035, where earlier projections indicated a stabilisation or even slight reduction of spending (in % of GDP), but where new forecasts now point to further increases until 2060 (see Chapter 2.2.4 for more details).

In the case that new projections by the Commission largely differ from earlier projections (in the negative sense), it is foreseen that the Commission has to come up with proposals to deal with the new situation in terms of securing long-term financial sustainability. The Commission met several times after September 2010 to discuss and decide such proposals, but could not find a common position repeatedly. Hereby, even the new long-term projections were put into question by some members of the Commission and at least two different fractions evolved – the one asking for more far-reaching reforms and the other one being opposed to such measures. Finally, on 4 April 2011, the Commission came up with a report on the “results of the working group to develop proposals related to the assessment of 29 September 2010” (Kommission zur langfristigen Pensionssicherung 2011). This report only includes some rather general conclusions, whereas proposals for more concrete measures to secure the long-term financial sustainability of the Austrian pension system are largely missing. In the first instance, it stresses that further efforts would be necessary to increase the actual retirement age, that indexation, in future, should be strictly limited to consumer price inflation and that higher insurance contributions should be avoided. Furthermore, the Commission asks for closer monitoring of actual developments and for a more detailed definition of the competencies and the *modus operandi* of the Commission. This has to be understood against the background of the differences of opinion within the Commission, which became evident during the preceding months. In this context, it is worth noting that, against the background of repeated deadlock within the Commission, several actors asked for a complete reorganisation of this institution. The Minister of Social Affairs announced that he

¹⁵ APA0040 II 18.11.2010.

¹⁶ APA0208 II, WI 18.11.2010.

¹⁷ The “Commission” is an official institution, enacted according to § 108e of the General Social Insurance Act (*Allgemeines Sozialversicherungs-gesetz, ASVG*). Members of the “Commission” are officials from different Ministries, organised interest groups and some independent experts from research institutes (WIFO and IHS).

is, in principle, open to such an organisational reform, but that this would need time and should be well prepared.¹⁸

In the meantime, debates on the necessity of a more far-reaching reform of the pension system are continuing. The option of increasing the statutory retirement age plays hardly any role in these discussions, but representatives of the ÖVP and employers' interest groups, like the Austrian Economic Chamber or the Federation of Austrian Industry, continue to call for an abolishment of the *Hacklerregelung* as from 2014. Trade unions, representatives of the coalition government party SPÖ and the opposition parties Green Party and the FPÖ are opposed to such plans and propose that the goal to increase the actual retirement age should be reached by other means, like health provision and rehabilitation or penalties for employers who dismiss older workers.¹⁹

Overall, these developments point to the direction that related debates will continue, but that more encompassing reforms are extremely unlikely in the near future, given the different positions of relevant decision makers.

Interestingly, a number of other relevant issues in the policy area of pensions have not or only rudimentarily been discussed during the last 18 months. This, e.g., holds true for the question of adequacy of minimum pensions (in terms of poverty prevention), for questions of the intragenerational distributional impact of the pension system and regarding high actual differences in benefit levels according to gender. The same is true regarding the role of private/funded pensions, where political debate has been largely absent.

2.2.3 Impact of EU social policies on the national level

The explicit impact of EU social policies and EU programmatic positions on pension policies at the national level appears to be extremely limited in the case of Austria. Related papers and decisions, like the EU Green Paper on pensions or the objectives recently specified in the "Pact for the Euro" (of 11 March 2011) are rarely explicitly addressed upon in public debates. One exception was a recent public statement by Federal Chancellor Werner Faymann, where he – shortly before the meeting on the "Pact for the Euro" - stressed that "we will go on to decide upon questions of pensions and wages in our own country" and that Austria would "refuse any interventions by the EU regarding national competencies in the area of pensions".²⁰

However, it is fair to say that the OMC within the Lisbon Strategy is likely to have had an indirect (but still substantial) impact on developments in social protection in Austria, and that it is likely that the same will apply for the new Europe 2020 strategy (see Fink 2010c, 60; Lang/Steiner 2010). Here, an important driver is commonly agreed indicators, which evidently have an effect on how problems are framed in national political discourses. Such effects are especially evident when it comes to discussion about poverty and social inclusion, where EU-definitions have developed to be the standard instruments used in Austria during the last decade. Furthermore, it appears that the European goals of increasing employment rates (especially also of the elderly) to some degree reinforced the significance of respective aims in Austria. However, such linkages are more of a speculative nature, as the relevant

¹⁸ OTS0360 II 11.05.2011.

¹⁹ See e.g. APA0330 WI, II 20.04.2011; OTS0180 II, WI 11.05.2011; OTS0190 II 11.05.2011; OTS0291 II, WI 11.05.2011.

²⁰ APA0238 AI, II 03.03.2011; APA0244 AI, II, WI 08.03.2011.

developments and initiatives at EU-level are rarely explicitly addressed upon in Austria national politics.

When looking at the actual Austrian NRP (presented in April 2011), it becomes evident that recent reforms - as well as the challenges perceived to be relevant for the Austrian case - follow a somewhat selective approach. Regarding pensions, the Austrian NRP especially stresses the goal of increasing employment rates of older workers and of the actual retirement age. Related measures presented in the Austrian NRP are, in the first instance, the ones in early retirement via the *Hacklerregelung* and invalidity pensions sketched out above (see Chapter 2.2.1). Furthermore, it should be stressed that life-long learning should also apply for older workers, but *new* strategies and measures presented in this respect are very limited.

At the same time, the Austrian NRP does not explicitly address the question of the mid and long-term financial sustainability of the pension system. The same holds true for a possible adaptation of the pension system in place according to mechanisms that would directly link benefit levels or retirement age with live expectancy. The option of automatic triggers in pension adjustment was discussed in Austria during earlier years (see Fink 2009), but it has not been put on the agenda more recently. Furthermore, options of a further development of complementary private savings to enhance retirement incomes have rarely been discussed publicly in Austria more recently, and the Austrian NRP does not address this issue at all. The same holds true for the question of the adequacy of pension benefits (in terms of poverty reduction and social inclusion).

Regarding the European year 2012 on Active Ageing, it is currently unclear what activities are planned in more detail. According to a statement by the Minister of Social Affairs, Rudolf Hundstorfer, on the 11 May 2011 in the Austrian parliament, the Austrian government is currently negotiating with “the EU” about issues of co-financing respective activities. Furthermore, he announced that the following issues will be in the focus of the European year in Austria: a “better integration of older people into the society”, “healthy and dignified ageing” and the “raising of actual retirement age towards statutory retirement age”. At the same, time, however, the minister explicitly denied any plans to increase the statutory retirement age.²¹

2.2.4 Impact assessment

Financial sustainability

In Austria, the most important sources providing impact assessment on financial sustainability are the already mentioned reports by the “Commission for the Long-term Sustainability of the Pension System” (*Kommission zur langfristigen Pensionssicherung*). In September 2010, this commission published both a) long-term-projections for 2009-2060 (see Kommission 2010b) and b) a detailed but rather short-term review, dealing with the current financial sustainability and questions of indexation (see Kommission 2010a).

These reports came to the conclusion that spending on pensions is currently higher than expected by earlier estimations and that spending will increase to a larger degree than expected before in the future. Regarding the short and mid-term perspective, expenditure on pensions (within the statutory pension system) are estimated to amount to 11.33% of GDP in 2010; or 11.68% of GDP, when outlays for the means-tested equalisation supplement are taken into account as well (Kommission 2010a). These numbers slightly differ than the ones expected for 2010 by the Commission in October 2009: 11.26% and 11.61% respectively

²¹ OTS0360 II 11.05.2011

(Kommission 2009a). At the same time, the short-term prospects are now expected to be somewhat less favourable. According to new estimations, spending for pensions (in % of GDP) will remain at about the current level until 2015, whereas earlier estimations expected a (temporary) reduction by about half a percentage point of GDP as from 2013.

Regarding long-term perspectives, new calculations (see Kommission 2010b) come to the conclusion that expenditures for statutory old-age insurance will rise from currently about 11.4% of GDP to a maximum of 14.9% of GDP in 2044 and will then (as from 2049) decrease to a level of 13.3% in 2060. At the same time, funds coming from the federal budget are expected to rise from currently approx. 2.9% of GDP to 5.2% in 2043 and will then (as from 2049) decrease to 4.5% in 2060. It should be stressed that these new forecasts are less optimistic than earlier long-term projections (see Kommission 2010b, 43ff.). This holds true for the development of overall spending (in % of GDP), but also for the funds that will have to come from the federal budget (in % of GDP). The less favourable development (in terms of rising costs in % of GDP), as now expected, is caused by three main factors: a lower GDP (due to the financial and economic crisis), new parameters on demography and (when compared with the earliest long-term projections of 2004/2005) measures like the repeated extension of the *Hacklerregelung* or indexation of pensions above consumer price inflation.

Especially these new (and less optimistic) long-term forecasts have reinforced the ongoing political discussion on old-age pensions (see above Chapter 2.2.2), but it is worth mentioning that some actors, even from within the Commission, queried the validity of the new long-term forecasts, arguing that some parameters have been chosen too pessimistically (see Kommission zur langfristigen Pensionssicherung 2011).

Other topics of assessment

It is worth noting that impact assessment on pensions in Austria relates to financial sustainability in the first instance, and that other possible subjects are covered to a much lower degree and/or in a much less systematic way.

Yet, a rather comprehensive analysis of recent developments in social policy in Austria and related outcomes and impacts is given in the Social Report 2009-2010, which was published by the Ministry of Labour and Social Affairs in December 2010 (see BMASK 2010a). Regarding old-age pensions, this report provides, amongst other things, information on budgeting and expenditures, the development of the number of beneficiaries according to different types of pensions, the actual retirement age, and the average levels of benefits. On the whole, the Social Report is a very useful source for (rather compressed) information, but it does not provide a critical assessment in a sense that it would draw conclusions regarding the impacts of earlier reforms, problems, and need for reform. The same holds true for the publication “Social Protection in Austria”, also presented by the Ministry of Labour and Social Affairs in 2010, and above all reporting on related rules and regulations and providing some basic statistical information (BMASK 2010b).

Rather detailed and up-to-date statistical data on the development of the Austrian statutory pension system is provided by so-called “quarterly reports” (*Quartalsbericht*), also produced by the Ministry of Labour and Social Affairs (BMASK). These quarterly reports deal with different and changing topics, but – unfortunately – only the most recent quarterly report is regularly available as a download from the webpage of the BMASK, and the older ones only on special request.²² It is worth noting that these quarterly reports contain a lot of valuable statistical data, but without any interpretation or explanatory text.

²² See <http://www.bmask.gv.at/cms/site/dokument.html?channel=CH0982&doc=CMS1304056885870>.

Of special interest is data provided by the second quarterly report of 2010, dealing with gains and losses in the benefit level of new old-age pensioners (being granted a pension for the first time in 2008) due to the pension reforms 2003 and 2004 (BMAŠK 2010c). The results show losses between – on average – 2.1% and 7.1%, depending on gender, type of pension and pension level. In many cases, old-age pension losses (in % of the benefit) are higher for people with comparatively low benefit level than for people with comparatively high benefit level. Even more strikingly, for men, losses within normal old-age pension (i.e. retiring at statutory retirement age) amount to 2.7%, whereas the effect is only 2.1% when using the option of early retirement via the so-called *Hacklerregelung* (see above chapter 2.2.1). For women, early retirement via the *Hacklerregelung* is even more attractive (when compared to earlier regulation), implying gains of about 6.5% when compared to the rules in place before the reform 2003/2004 (ibid., 36). But at the same time women face losses of 5% compared to earlier regulation, when entering retirement via normal old-age pensions (i.e. at statutory retirement age) (see for similar results as well Stefanits/Hollarek 2008).

The OECD (2011), in its new edition of “Pensions at a Glance” stresses that a large number of persons leave the labour market in Austria before statutory pensionable age (ibid. 42ff.). However, an analysis regarding incentives to stay in the labour market, presented in the same publication, comes to the conclusion that the Austrian pension system does not perform that badly – but, on the contrary, rather well - on this point from an international comparative perspective (ibid., 49ff.). However, as said before, rates of persons retiring early are in fact very high (see also Chapter 2.2.5), pointing to the direction that respective decisions are not only a question of incentives, as set out by respective regulation.

At the same time, it appears to be a general finding of assessments of the Austrian pension system that increasing the actual retirement age is the most important actual challenge (see e.g. Pinggera 2010; Kommission zur langfristigen Pensionssicherung 2011; IHS 2011). Other challenges, like a high inequality of benefits or the question of future adequacy of benefit levels - when the reforms of the early 2000s will reach their full impact in terms of reduced benefits - are dealt with to a much lesser degree. Regarding the latter point, e.g. Rüdä (2011) comes to the conclusion that living standards in old-age may only be maintained at the current level if future pensioners are able to compensate the relative reductions of the benefit level in the public scheme by benefits from (however not mandatory) company-based schemes and/or private savings.

Obinger et al. (2010) and Obinger/Tálos (2010) provide an overview analysis of the development of the Austrian welfare state during the last two decades. These papers also deal with the question of pensions, outlining the most important debates and changes and providing some explanations from a political sciences’ perspective, why which options of reform (or non-decisions) have been opted for. They come to the conclusion that pension politics has undergone substantial reform during the last two decades, with changes in economic and demographic conditions, but also party constellations, and to some degree path dependency, as the main explaining factors. At the same time these analyses, unfortunately, do not present a more detailed assessment of current and likely future challenges and possible options on how to deal with them.

Some basic information on developments concerning the “new severance pay scheme” is available from the association of the company pension scheme providers within the Austrian Federal Economic Chamber.²³ Data on developments within the “premium-aided pension savings scheme” are available from Austrian Financial Market Authority

²³ See: http://portal.wko.at/wk/startseite_dst.wk?AngID=1&DstID=293.

(*Finanzmarktaufsicht*; see FMA 2010). However, this information is of largely descriptive nature only, and does not provide a critical assessment of the role and the challenges of the second and third pillar of the Austrian pension system.

2.2.5 Critical assessment of reforms, discussions and research carried out

As sketched out above (Chapter 2.2.1), recent reforms in the area of pension deal above all with tightened access to early retirement via the so-called *Hacklerregelung* and a modification of access to invalidity pensions.

The reform of the *Hacklerregelung* will most likely contribute to an increase in the effective retirement age, whereas the actual impact of the reform on invalidity pensions is more unclear at the time of writing (due to the fact that respective regulations allow for a rather large degree of interpretation within actual implementation). However, even if the option for somewhat eased access for unskilled workers is taken into account, it is fair to say that the regulations increased the technical capabilities to restrict access to invalidity pensions. But the actual outcomes have to be awaited in the light of factual implementation, prone to discretion.

Critics have argued that the reform of *Hacklerregelung* is not far reaching enough, and that the recent reform actually makes this form of early retirement a permanent institution, whereas earlier plans started from the notion that this option of early retirement should expire some day in the future. Such criticism is to some degree justified, but it should still be stressed that access to this form of early retirement will now indeed be tightened to a substantial degree and that further steps could still be decided upon thereafter. Here, some more detailed research on the motives for early retirement and the personal circumstances of persons considering early retirement, which is largely missing at the time of writing, would evidently be helpful when deciding for additional steps of reform.

The problem of invalidity pensions still appears to be somewhat underestimated in Austrian political (as well as scientific) debates. The effective average age of retirement of all direct pensions, including old-age and invalidity pensions (but excluding survivors pensions), currently (2010) amounts to 59.1 years for men and to 57.1 years for women, whereas the statutory retirement age would be 65 years for men and 60 years for women. If only old-age pensions are taken into account, the effective retirement age recently (2010) amounts to 62.6 years for men and to 59.3 years for women, meaning that the gap towards the statutory retirement age is much smaller, as when invalidity pensions are taken into account as well. Hereby, it appears that invalidity pensions increasingly serve as a substitute for other forms of early retirement which were abandoned or to which access was stepwise tightened during the last decade. This becomes evident when respective developments are assessed from a more long-term perspective. In 1999, invalidity pensions “only” accounted for approx. 18.2% of all newly granted direct pensions (men: 21.7%; women: 14.2%). However, afterwards the respective share started to rise and by 2010 it more than doubled in the case of men and nearly doubled in the case of women. In 2010, only about 15% of all men and 42% of all women, who have been granted a new direct pension (i.e. excluding survivor’s pensions), entered retirement via normal old-age pensions (see Annex Table 1). 38.9% of new male pensioners and 23.2% of all new female pensioners were granted an invalidity pension, and 46.1% of all new male pensioners and 35% of all new female pensioners received a benefit from an early retirement scheme within old-age pensions.

The recent reforms of the *Hacklerregelung* and the invalidity pensions up to now show only a rather limited impact (whereby it should be stressed, however, that several parts of the reform of the *Hacklerregelung* will be implemented only as from 2014; see above). In both cases

during the first six months of 2011 the number of new applications as well as the number of newly granted pensions decreased to some degree when compared to the first six months of the preceding year (see below, Table 1). Overall, the impact regarding the *Hacklerregelung* appears to be stronger than regarding invalidity pensions. At the same time, early retirement via the “heavy labour pensions” and applications for it have increased. The same goes for early retirement via the so-called pension corridor (both are forms of early retirement according to the “new law”; see above, Chapter 2.2.1). Here, further developments have to be awaited to assess if and to what degree persisting substitution effects evolve, which may again counteract the goal of a substantial increase of the actual retirement age.

Table 1: Applications and newly granted pensions: January to June 2011

Type of pension	Applications		Newly granted pensions	
	New applications January to June 2011	Change in % (compared with January to June 2010)	Newly granted pensions January to June 2011	Change in % (compared with January to June 2010)
Regular old-age pension	15,993	-2,8%	13,717	-4.8%
Early old-age pension according to <i>Hacklerregelung</i>	12,845	-8.3%	11,795	-10.2%
Early old-age pension according to heavy labour pension	780	+70.7%	217	+60.6%
Early old-age pension according to corridor pension	2,823	+3.3%	2,696	+8.5%
Invalidity pensions	38,712	-2.1%	14,352	-5.0%

Source: Federation of Austrian Social Insurance Providers (*Hauptverband der Sozialversicherungsträger*)

As noted above, earlier plans for a complete phasing-out of the *Hacklerregelung* have been abandoned, meaning that this scheme will continue to exist under the reformed conditions. However, the actual financial impact of the latter is not known, as it is unclear how the number of pensioners under this scheme will develop as from 2014, when the recently decided reform will be fully implemented.

As concerns the recent reforms regarding the “*Berufsschutz*” and the “hardship provision” within invalidity pensions there is still not much known about the actual impact of these reforms. Regarding the “*Berufsschutz*” for white collar employees and skilled workers, the reform is of gradual character only, evidently prolonging the idea of professional affiliation, which appears to be rather outdated in times of flexible labour markets and increasing professional mobility. On the other hand, the hardship provision appears to be a useful instrument in such cases where no job (not even for the least demanding activities) can be found for unskilled people with severe health problems. However, this option gives much room for interpretation by the insurance providers, and actual outcomes are still unclear. Up

to now, no new data have been made available on how many skilled versus unskilled workers retire under the invalidity pension scheme; but before the reform the number of unskilled workers retiring under this scheme was said to be extremely low.

As in the earlier years, the problem – in some cases – of low benefit levels has not been addressed in a structural way within Austrian politics during the last 18 months. This also holds true for both political debates and for measures eventually decided. At a general level – and by addressing more fundamental questions of inter and intra-generational justice – a reform on this point would include a major change of the calculation formula for old-age pensions, which is not on the political agenda at the moment.

In this context, it is worth noting that the Austrian pension system, from an internationally comparative point of view, currently leads to – overall – rather good outcomes regarding the prevention of poverty and social exclusion of older people (see Annex Chart 1). But at the same time, it becomes evident that the Austrian pension system especially leads to good results for men, whereas the outperformance vis-à-vis the EU-27-benchmark is considerably smaller regarding women. This means that it is fair to say that rather substantial gender inequality and a rather high degree of poverty of elderly women, when compared to men, are specific challenges of the Austrian pension system.

The problem of rather low pension benefits granted to women does not only apply for the average of existing pensions, but also for newly granted pensions, where one could expect a higher equality of benefits due to the rising labour market participation of women (see Annex Table 2 and Table 3). In both cases, direct old-age pensions of women (when not taking into account the compensatory supplement²⁴) only reach a level of approximately 60% of respective benefits of men. The gap is only somewhat smaller regarding newly granted pensions if invalidity pensions are taken into account as well (which leads to lower outcomes especially in the case of men; see *ibid.*).

Overall, the Austrian pension system reproduces inequalities on the labour markets to a considerable degree, given the dominance of the principles of insurance (regarding access) and equivalence (regarding benefit levels). Apart from measures to increase equality in income and careers, this problem could be addressed by measures to reform the pension system itself. The most obvious option would be higher and more individualised minimum pensions (i.e. to a lesser degree means-tested on household level), which could be counter-financed by lower maximum pensions in the private sector, or a faster harmonisation of pensions within the public sector. Regarding the latter, it is worth stressing that overall costs of the pension schemes of civil servants are extremely high in Austria (see also Bodenhöfer et al. 2010), and that harmonisation of the respective schemes with the private sector will lead to

²⁴ In Austrian statistics on *levels of benefits* from pension systems, the compensatory supplement (*Ausgleichszulage*), which is means-tested against household income, is not taken into account on a regular basis. As the compensatory supplement is not only granted to individuals, but (a higher rate) also to couples (irrespective of the question of whether both individuals have principal entitlements within the pension system), it is very difficult to attribute the income effect of the *Ausgleichszulage* to individual persons, and, therefore, to the level of individual direct old-age pensions. Overall, about 76,000 men or 9.1% of all male pensioners recently (December 2010) obtained the compensatory supplement, whereas the same holds for about 162,000 women or about 14.2% of all female pensioners. This points to the direction that the gender gap in benefit levels would be reduced to some degree if minimum means-tested pensions (i.e. *Ausgleichszulage*) would be taken into account. However, at the same time it is likely that this effect would be mitigated to some degree by the phenomenon that it is likely that men, more often than women, will be eligible for the higher rate of compensatory supplement for couples. For these problems in attributing the effect of the compensatory supplement to individual benefit levels, the latter is generally not taken into consideration in analyses on respective register data.

a substantial cost reduction only in the very long run. Evidently, this policy area gives room for further reform. However, the topic has been largely absent from the political agenda, probably due to the fact that civil servants are a very strong interest group, with close ties to political parties and other decision makers.

Three other points made in my asisp reports 2009 and 2010 (see Fink 2009; 2010) still apply largely unchanged. One is the problem of the extreme complexity of the current system of old-age pensions, which, to a large degree, stems from the reforms of 2003 and 2004. Another one is the still evident lack of data modelling when dealing with the supposedly long-term effects of the reforms of 2003 and 2004 regarding future benefit levels and different kinds of employment and careers etc. More monitoring and data would also be necessary regarding the development of occupational pensions, the new severance pay scheme and premium-aided pension savings scheme, i.e. the second and the third pillar of old-age security in Austria. Here, the general impression is that additional savings from these schemes will in many cases not be sufficient to make up for losses deriving from retrenchment in the first pillar, but more detailed analyses on this subject are missing at the time of writing.

2.3 Health Care

2.3.1 The system's characteristics and reforms

The health system is under the responsibility of the federal republic, but with one very important exception: the system of hospitals. Here, the federal republic enacts only basic laws, whereas their implementation and enforcement is under the responsibility of the federal provinces (*Länder*). Therefore, the federal republic and the *Länder* conclude mutually binding agreements to ensure health care provision within their respective competences. Apart from that, it is important to note that in Austria, social insurance providers are supposed to be self-governing bodies (so-called *Selbstverwaltungsträger*). This implies that they have important regulatory functions, especially in respect of outpatient health service.

The Austrian health sector shows a system of “mixed financing” (see Statistik Austria 2010, 81ff. for more details). 21.3% of all health expenses (including expenses for long-term care) were recently (2009) covered by the private sector, and about 78.6% by the public sector. Regarding the private sector, approx. 73% of respective outlays take the form of private out-of-the-pocket payments and the rest comes from private health insurance providers. Regarding the public sector, about 60% come from health insurance contributions, about 40% from the tax yield.²⁵ The total expenditure on health care (excluding expenditure on long-term care) in % of GDP rose from 7.4% in 1990 to 8.8% in 1999 and to 9.1% in 2004. Between 2004 and 2008 spending for health in % of GDP remained rather stable (9.0% in 2008), but it increased significantly in 2009 (9.6%) – mainly due to a decline of the GDP during the financial and economic crisis (whereas additional growth in expenditure was lower than in earlier years). The public share on overall health expenditure increased during the 1990s (starting at 73.4% in 1990) but then – until recently – has remained largely stable since 2000 (at a level of about 76 to 77%).²⁶

²⁵ Data provided by StatistikAustria according to OECD System health Accounts: http://www.statistik.at/web_de/statistiken/gesundheit/gesundheitsausgaben/index.html.

²⁶ Data provided by StatistikAustria according to OECD System health Accounts: http://www.statistik.at/web_de/static/gesundheitsausgaben_in_oesterreich_laut_system_of_health_accounts_oecd_199_019701.xls.

Reasons for the *long-term* growth of expenditure for health are to be found, as in many other countries, in a) demographic factors; b) technological developments in the health sector resulting in an extension of the range of medical ailments that can be treated; and 3) – partly caused by the first two factors – the rising relative price of health care. Irrespective of the fact that total spending on health in percent of GDP did not increase significantly between 2004 and 2008, the financial situation of the health insurance funds remained to be very tense during all these years and, in 2008, some of them even turned out to be close to bankruptcy. In the meantime, the situation has eased to some degree, due to the measures implemented for cost containment and additional funds coming from the federal budget (see the asisp reports for 2009 and 2010: Fink 2009, Fink 2010). For 2010, the health insurance providers even reported a surplus of EUR 362 million.²⁷ However, it should be noted that this surplus has partly been reached due to a subsidy of EUR 100 million coming from the federal budget (the so-called structural funds) and that the health insurance providers currently still have liabilities amounting to EUR 570 million, which equals about 4% of their current yearly budget.

About 99% of the Austrian population are covered by the social health insurance (see as well Fuchs 2009a), which is – in principle - organised as a compulsory insurance for people in gainful employment and for people receiving cash benefits from systems of social protection (like pensions or unemployment benefits). However, health insurance in Austria goes far beyond the scope of insurance for employed persons and people receiving cash benefits from social insurance, since, in addition to the directly insured parties, it also covers dependent members of their families. About one third of the persons covered by the statutory health insurance are co-insured family members who do not pay contributions of their own (e.g. children, dependent spouses). Periods without insurance appear to be a short-time phenomenon in many cases (but see for more details Fuchs 2009a, 329), and people who are not covered by health insurance may opt into the system at their own expense (however, some waiting periods may apply here.). Furthermore, for people without insurance but receiving means-tested Social Assistance, the Social Assistance providers used to cover the cost for health care services. However, this Traditional Social Assistance was replaced by the so-called Guaranteed Minimum Income scheme (GMI) as from September 2010, and people receiving benefits from this scheme are now included in normal health insurance. This is a positive step, as there is some evidence that the earlier “special” scheme for recipients of Social Assistance brought along social stigmatisation and – in some cases –below-standard health treatment.

Regarding reforms, decisions in late 2009 and in 2010 - apart from the already mentioned integration of recipients of benefits from the minimum income scheme to standard health insurance –mainly encompassed legislation on the reform package already presented in September 2009 (Fink 2010). Respective measures were especially codified within the “Forth Labour and Social Law Amendment Act” (“4. *Arbeits- und Sozialrechtsänderungsgesetz*; 4. *ASRÄG*”; BGBl. I Nr. 2009/147) and in the “Federal Act to Strengthen the Ambulant Public Health Care” (“*Bundesgesetz zur Stärkung der ambulanten öffentlichen Gesundheitsversorgung*”, BGBl. I Nr. 61/2010, decided on 9 July 2010).

Within these reforms, a new general framework for the guidance of contracts between health insurance providers and the respective regional Medical Chamber (the statutory association of physicians in Austria) was enacted (see Wurzer 2010). Furthermore, the options in the area of

²⁷ OTS0227 CI 16.05.2011.

new ambulatory care models have been extended (see Hofmarcher/Hawel 2010). In more detail, these reforms enclose the following points:

- New and more transparent common parameters, providing the basis for negotiations between the health insurance and the Medical Chambers regarding negotiations on fees.
- New parameters regarding “location plans” (i.e. plans about independent physicians having a contract with health insurance providers), now as well taking into account other ambulatory care providers.
- New rules regarding the replacement of retiring independent physicians with contracts with health insurance providers (where such a replacement in future will only take place if there is evident demand).
- Establishment of new ambulatory care models (limited liability companies managed by doctors).
- Introduction of the option of individualised contracts between health insurance providers and sole practitioners/ambulatory care centres, which is however subject to approval by the respective regional Medical Chamber (the statutory association of physicians in Austria, which traditionally negotiated common contracts for all their members with the health insurance providers).
- New rules for terminating contracts.
- New instruments for quality assurance and evaluation.

Furthermore, health insurance providers, together with the Austrian Medical Chamber and the Austrian Chamber of Pharmacists (the statutory association of pharmacists in Austria), agreed that drug prescription should increasingly follow principles of cost effectiveness. This goal was explicitly codified in the 4th ASRÄG, but choosing the prescribed drug still remains largely in the responsibility of the respective physician (see as well Mandlz 2010).

One project worth mentioning in this context is the one of so-called “e-medication”. Here, the Ministry of Health has recently (in April 2011) presented a draft act for the implementation of an “Electronic Health Register” (*Elektronischer Gesundheitsakt; ELGA*). According to this plan, individual data about the medical history, treatments, prescribed drugs, etc., will be filed electronically, with (selective) access to this data for independent physicians, hospitals and also (but to a more limited degree) pharmacies. The idea is that such an information system would help to prevent suboptimal treatment (due to the lack of information on the side of the – in some cases many - treating physicians), and that it would help to avoid multiple prescription of drugs, which is not only costly but also implicates health risks, but also costly multiple medical examinations. A respective (not mandatory) pilot project is currently implemented in a number of regions in Austria, but final results of this pilot project have still to be awaited. What is already clear now is that the Austrian Medical Chamber is rather opposed to the instrument of the ELGA, arguing that the setup and maintenance of this system would turn out to be very costly and that protection of privacy would not be guaranteed.²⁸ However, the Ministry of Health and the Federation of Austrian Social Insurance Providers (*Hauptverband der Sozialversicherungsträger*) currently proceed with the logistic and organisational preparation of the ELGA, and it is likely that it will be implemented as a nation-wide instrument within the near future.

²⁸ See e.g. OTS0014 CI, II 07.05.2011; APA0213 II, CI 18.05.2011; OTS0142 CI 28.04.2011.

The package for budget consolidation, as presented and decided in late 2010 within the “Budget Act” (*Budgetbegleitgesetz 2011, BGBl. I Nr. 111/2010*), only shows limited direct impact on the health sector. However, the so-called “structural fund” has been reduced from EUR 100 million to EUR 40 million per year (for the years 2011 to 2014). Within this “structural fund”, health insurance providers are granted additional “fresh” money from the federal budget, which, above all, is intended to be invested in structural reorganisation, new technology, etc., which should then contribute to future cost-containment.

2.3.2 Debates and political discourse

The question of a structural and encompassing reform of the health system is a long-standing issue in Austria (see the asisp reports for 2009 and 2010: Fink 2009; Fink 2010), which stands against the background of a very complicated organisational structure, entailing a considerable decentralisation of powers and multiple financing instruments. This applies irrespective of the reforms of 2005, which were aimed at improving integrated planning through the introduction of a Federal Health Agency, a Federal Health Commission and a Structural Health Care Plan at the national level and of State Health Funds and Health Platforms at the *Länder* level (for more details see Hofmarcher/Rack 2006).

In this context, it is worth noting that the long-term objective of a “one-stop financing” has not been reached so far (due to resistance by different players and stakeholders within the system, fearing for their autonomy) (see Czipionka et al. 2008; 2009; 2010; Schelling 2010 for a detailed discussion). In fact, the latest agreement between the Federal Republic of Austria and the federal provinces (*Länder*) pursuant to Article 15a of the Federal Constitution Act (*Bundes-Verfassungsgesetz/B-VG*), which became effective on 1 January 2008 (and is planned to be binding until 2013),²⁹ has all in all prolonged the extremely complicated financing structures as fixed by the reform of 2005. This development is not in line with recommendations repeatedly made by organisations like the OECD (2009, 81) or national experts (see e.g. Hofmarcher/Rack 2006; Hofmarcher 2008; Czipionka et al. 2009; 2010a) proposing the assignment of financing and spending responsibilities for both the hospitals and practising physicians to one government institution (see as well Schelling 2010).

The issue remained on the agenda and several political actors criticised that the package on budget consolidation, as presented and decided in late 2010, did not contain any measures for a more encompassing reform of the health system, including structural changes regarding planning and financing within the hospital sector (where the federal provinces have some competences as well). However, it is clear that *some* reform will be decided upon, in respect of this issue, in the course of the negotiations for the next agreement between the Federal Republic and the federal provinces (*Länder*) pursuant to Article 15a, replacing the current one, which is binding until 2013. But likely outcomes are largely unclear at the time of writing, as different actors have come up with different models during recent discussions.

The Federation of Austrian Social Insurance Providers first appeared to be in favour of a centralised model, where both financing and organisational aspects of hospitals would fall into the competency of the Federal Republic (which would mean that no new agreement pursuant to Article 15a would be necessary).³⁰ Contrary to this, the Ministry of Health proposed a more coordinated model, where the federal provinces would not lose all their competencies, but where common target agreements, etc., should lead to more efficiency, but

²⁹ For the full text of this agreement see:

<http://www.ris.bka.gv.at/Dokumente/Bundesnormen/NOR30006564/NOR30006564.pdf>.

³⁰ See e.g. APA0612 II, CI 18.11.2010.

without reducing the quality of health services within the hospital sector. According to these plans, respective regulations should be outlined in a new federal act on the hospital sector.³¹ The federal provinces proposed that all financing and planning within the health sector should take place at the level of federal provinces, to be organised by the Health Platforms at the *Länder* level.³² However, according to these plans, the federal state would still play some role regarding contingent liabilities for deficits which would be shared between the federal state, the federal provinces and the municipalities.

This means that currently three different models exist regarding a reorganisation of the Austrian hospital sector, each of them evidently driven by the specific interests of the respective political actors. A first round of negotiations took place at the beginning of April 2011 and a second round is planned to take place at the beginning of July 2011. Overall, it is likely that this process of negotiations will turn out to be a rather lengthy issue, and results should not be expected at short notice.

2.3.3 Impact of EU social policies on the national level

Overall, it appears that in national political and public debates on the issue of health hardly any references are made to related EU-level initiatives. One of the rare exemptions were national statements regarding the negotiations on the European Directive on cross-border health care,³³ but which, in fact, was not a big public issue anyway.

Furthermore, debates on the OMC are – regarding questions of health care – largely absent at the national level. At the same time, it appears that the OMC have had some impact at the national level regarding the public and political attention directed towards questions of poverty and social exclusion, but the question of health is rarely explicitly addressed in this context in Austria.

Similarly, the impact of the EU 2020 strategy on health reform debates appears to be rather limited. Here, it is worth mentioning that the Austrian NRP addresses questions of health in a rather rudimentary way only. It is only announced that “prevention measures for good health in working life” should be enhanced, that rehabilitation measures will be of increased importance in the context of invalidity pensions and that “health” is among the policy areas where (irrespective of the austerity package of late 2010) “future-oriented offensive measures will be set” (NRP, 7). In other words: The Austrian NRP addresses questions of health above all in connection with the question of “active ageing”, whereas other possible issues are hardly mentioned in the Austrian NRP.

As already mentioned above (in the chapter on pensions), no concrete details have up to now been made in public regarding activities planned for the 2012 European year of Active Ageing.

2.3.4 Impact assessment

Literally speaking, it is impossible to give a sound overview of published impact assessment regarding the health system in Austria. This is due to the fact that no encompassing and systematic monitoring and evaluation of the Austrian health care system takes place on a regular basis. Hereby, it is worth noting that the act on the health care reform of 2005 encloses the explicit rule, that an overall evaluation of the Austrian health system should take place

³¹ See e.g. OTS0284 II 17.12.2010.

³² See e.g. APA0328 II, CI 04.03.2011.

³³ See e.g. APA0481 CI, WI, AI 08.06.2010; OTS0297 II, AI 08.06.2010.

every 2 years. However, this rule never actually got implemented (as recently e.g. criticised by the OECD; see OECD 2009, 67).

A rather encompassing (but now somewhat outdated) assessment of the Austrian health system is available from the “European Observatory on Health Systems and Policies”, organised by the WHO (see Hofmarcher/Rack 2006). Although this publication is not up-to-date, it still gives a broad picture and analysis of the rather fragmented Austrian system of health care. This fragmentation leads, according to Hofmarcher/Rack (2006), to regional inequalities regarding access and – generally speaking – in some degree to inefficiency and problems of integrated governance (see also Hofmarcher 2008).

A recent report by the Austrian Federal Institute for Public Health (*ÖBIG, Österreichisches Bundesinstitut für Gesundheitswesen*) gives a picture how the Austrian health system performs regarding different input and outcome-indicators from an internationally comparative point of view (Habl et al. 2010). It comes to the conclusion that the costs of the Austrian health system are rather high in international comparison, whereas performance on several outcome indicators is only average or even below average. However, the authors stress that the range and quality of (above all curative) services available is high, but that the system may show a number of inefficiencies, such as very high rates of hospital discharges or substantially above-average investments in huge medical equipment, whereas density of qualified nursing personnel is below average. Furthermore, the Austrian health system appears to have a focus on curative services, whereas aspects of public-health issues (i.e. prevention etc.) are underdeveloped. The authors stress that the Austrian health system provides rather equal access to health services. This appears to be true irrespective of a rather high share of private co-payments, as people with low income are exempted from such co-payments in a number of cases and as the system offers a wide range of standard services available without co-payments (for most parts of the insured population). As most other experts, the authors of this report also stress that organisational fragmentation and “shared” competencies are a major problem of the Austrian health care system.

Aiginger (2011) comes to similar conclusions. He provides a very brief, but still very informative assessment on the strengths and weaknesses of the Austrian health system, mainly applying macro-quantitative indicators and putting them into international context. Important findings of his analysis are that overall expenditure for health care is rather high in Austria from an internationally comparative point of view. Life expectancy is slightly above EU-27 average, but at the same time, Austria performs rather badly regarding healthy life years, which leads to an above average number of life years where people are confronted with health problems or disability. Austria performs above average regarding the outcome indicators of infant mortality or the probability of surviving a stroke, whereas the probability of surviving cancer is only at about average, and coronary diseases and diabetes play a larger role in Austria than in many other European countries. At the same time, the Austrian health system shows an oversized and relatively expensive hospital sector (with a high number of hospital beds, a high number of admissions lasting more than 24 hours and high expenses for costly medical equipment), whereas the overall density of doctors is only slightly above EU-average, which also holds true for costs for drugs (relative to the GDP). Widely equal access to health examinations and rather high-quality curative treatment is one of the evident strengths of the Austrian health system. But at the same time, according to Aiginger, the most important weakness of the Austrian health system is that it has its focus on mainly curative treatment, whereas health prevention is underdeveloped. Costs for health prevention (1.8% of overall health spending) are considerably lower in Austria than the average of EU-27 (2.9% of overall health spending). This coincides with a rather bad performance by Austria regarding many

risk indicators for health (like smoking, consumption of alcohol or being overweight). This especially holds true for young persons as well, which may point to substantial long-term challenges, if health maintenance and prevention is not given more attention in the future. Aiginger stresses that this situation is not only problematic regarding cost development in the health sector as such, but that indirect effects also apply regarding the question of long-term care.

Regarding questions of management and organisation, Aiginger calls for a better management of the “points of intersection”, i.e. between ambulant and inpatient treatment, between ambulant treatment and independent physicians, regarding aftercare following inpatient treatment, between traditional and alternative treatment and also between physicians and other health professions. Furthermore, he stresses the importance of electronic information systems (see above Chapter 2.3.2 on the ELGA), which would allow for better management of the points of intersection and for a cost reduction via the prevention of multiple prescription of drugs or the prevention of costly multiple medical examinations, etc. Furthermore, Aiginger, like many other experts in the field, also calls for “one-stop financing”.

The findings by Habl et al. (2010) and Aiginger (2011) are largely in line with what derives from the publication “Health at a Glance - Europe 2010” by the OECD (2010).

More fragmentary and issue-specific information is available from a variety of sources. Important statistical data are provided by Statistik Austria via “Yearbook of Health Statistics 2009” (see Statistik Austria 2010). This publication – generally speaking – includes some variety of data on the Austrian health system and corresponding impacts and outcomes (like health status), but not an analysis of underlying causal relations.

Information and assessments on specific actual policies and reform plans are available from Health Policy Monitor (sponsored by Bertelsmann-Stiftung). Topics covered by Health Policy Monitor in 2010 are capacity planning in the hospital sector (Hofmarcher 2010), reforms regarding ambulatory care centres (Hofmarcher/Hawel 2010) and health prevention in children (Hofmarcher et al. 2010). In all three areas, rather substantial challenges are evident for the Austrian case, irrespective of efforts that have been made - or are currently enacted - to improve the respective situation.

One other source of information is “Health System Watch”, which is produced by a research group on “Health Economics and Health Policy” at the Institute for Advanced Studies (IAS, *Institut für Höhere Studien*) and published as a supplement to the Journal “Soziale Sicherheit”, edited by the Federation of Austrian Social Insurance Providers. Within “Health System Watch”, Czepionka et al. (2009; 2010a) deal with the topic of “one-stop financing”. These assessments come, generally speaking, to the conclusion that, given the still very complex organisational structure, there is need for further reform of the Austrian health care system. This applies for essential questions of the decision-making and funding structure, which includes a high probability of interlocking effects due to multiplicity of relevant actors and interorganisational transfers of funds. Secondly, this is also true with regard to the de-facto implementation of instruments for monitoring, evaluation and quality management.

One other topic dealt with in this series are possibilities of cost reduction or cost containment regarding administration costs (Czepionka et al. 2010b). Different from the widely accepted notion that administration costs are comparatively low in the Austrian health system, this assessment deals with a number of “hidden costs” (not explicitly labelled as administration costs in respective statistics), where measures for cost reduction or cost containment would be possible.

Another interesting report within “Health System Watch” (Czypionka et al. 2011) deals with the question of the composition of the “health workforce” in Austria and from an internationally comparative point of view. The authors come to the conclusion that the Austrian health system is dominated by a rather high density of doctors, whereas other qualified professions are to some degree underrepresented. Furthermore, a number of professions known in other health care systems do not even exist in Austria. This especially applies for the area of preventive health care (e.g. regarding so-called “nurse practitioners”, working together with physicians in private practice, “family nurses” or “school nurses”). The authors conclude that the introduction of such professions should be taken into consideration in Austria as part of other reforms giving more attention to preventive health care.

2.3.5 Critical assessment of reforms, discussions and research carried out

During the last two years reforms in the health sector very much concentrated on securing financial sustainability, but at the same time trying not to reduce access to and quality of health care services. It is fair to say that these strategies turned out to be rather successful for the time being, but it still has to be awaited if these effects on cost-containment turn out to be persistent.

Another major challenge of the Austrian health system, as sketched out above, is the complexity of its organisation, which includes a multitude of relevant decision makers, such as the federal state, the federal provinces and the health insurance funds (amongst others), and a very complex and ramified system of financing. No real progress has been made regarding these structural questions throughout 2010 and it even appeared that relevant political actors did not even follow this issue in a proactive way during 2010. This was fiercely criticised by different political players, especially in the context of the budget consolidation package, where it was argued that it was inappropriate to e.g. curtail family benefits as long as (presumed) large potentials for cost containment in the health sector were not realised.

However, at the end of 2010, the Federal Ministry of Health and the Federation of Austrian Social Insurance Providers started a new initiative for a reorganisation of the Austrian health system, this time including the hospital sector, which is supposed to be one of the main cost inflators in the Austrian health system. At the same time, positions on *how* to reorganise the Austrian health system - in terms of more effective and efficient allocation of financial resources, but at the same time reassuring equal access and high quality - appear to be rather divergent at the moment. Respective negotiations have just started and results are rather unlikely to be presented before the end of 2012.

Another challenge of the Austrian health system, as sketched out above, is its focus on curative treatment, in which health prevention is underdeveloped from an internationally comparative point of view. This topic pops up now and then in public debates, and selective efforts have been made to improve the situation. However, it is fair to say that overall political attention to health prevention is still rather weak. Here, one major recent exception applies in the context of invalidity pensions and early retirement, where it is, as already mentioned above in the chapter on pensions, the goal to establish a nation-wide programme called “fit2work”, which should contribute to longer and enhanced working ability (via different instruments of support and information, etc.). However, it appears that resources dedicated to this programme are rather limited and actual future impacts are rather unclear at the time of writing, as the more detailed design of this programme is still to be developed.

Regarding research carried out, it is evident that no encompassing and systematic monitoring and evaluation of the Austrian health care system is taking place for the time being.

Assessments are more of an ad-hoc nature, rather fragmented, outdated or fairly sketchy. In this context, it is worth mentioning that the Austrian Federal Institute for Public Health (*Österreichisches Bundesinstitut für Gesundheitswesen; ÖBIG*), which is governed by public law and financed by taxes, could, in principle, serve as an institution to fill this gap. However, although up to now they deal with a wide variety of particular issues and problems within the Austrian health system, in doing so, they omit large-scale structural questions for the most part. One of the few exceptions in their work is the above-mentioned report by Habl et al. (2010). This piece of work evidently provides some useful descriptive information on the performance of the Austrian health system according to different input- and outcome indicators, but falls short in analytical terms, i.e. in explaining the causes for below-average performance in a number of outcome dimensions.

What is especially missing from a social inclusion perspective are more detailed assessments about the interlinkages between material inequality, health inequality and access to preventive and curative health services. At the same time, these issues are also only rarely addressed in public and political debates in Austria.

2.4 Long-term Care

2.4.1 The system's characteristics and reforms

Like the health care system, the system of long-term care in Austria is also a case of shared competencies. Here, the most relevant players are the central state and the federal provinces, and to a lesser degree the municipalities. The so-called long-term care benefits (*Pflegegeld*), introduced in 1992, are cash benefits and fall within the competency of the central state and to a lesser degree of the *Länder* (in both cases financed via taxes). *Pflegegeld* is granted without means testing (against income or assets) and according to seven different levels, corresponding to a categorisation of seven different levels of individual care requirements/the health status of the person in need of care. These cash benefits are intended to be used to buy formal care services from public or private providers or to reimburse informal care-giving. In addition, the *Länder*, pursuant to an agreement according to Article 15a of the Federal Constitution Act (endorsed in 1993), are responsible for establishing and upgrading a decentralised and nationwide delivery of institutional ambulatory, outpatient (i.e. at-home), semi-outpatient and inpatient care services (de facto implemented in cooperation with municipalities and not-for-profit organisations of the so-called intermediary sector, i.e. social NGOs of different types; for an overview see e.g. Hofmarcher/Rack 2006, 138ff.; Riedel/Kraus 2010, 21ff.).

There is a general lack of more in-depth analysis and data on the availability and affordability, especially regarding formal outpatient services. But findings, limited as they may be, point to the direction that availability varies to a considerable degree within different regions and that, especially in cases of extensive need for care, the long-term care cash benefits only cover a fraction of the costs which would arise if all necessary support would be purchased within formal outpatient care (see e.g. Riedel/Kraus 2010).

As a matter of fact, the Austrian long-term care system is characterised by a rather large sector of informal care. According to the most recent data available (covering the year 2009; see BMASK 2010d), 58% of all people in need of long-term care are looked after by their relatives at home, 24% are looked after by their relatives at home and at the same time receive formal outpatient care services, 16% live in nursing homes and related institutions (inpatient care) and about 2% (note: there may be a large number of additional unreported cases of this model) are looked after by privately hired carers (mainly from Eastern Europe; so-called “24-

hour care at home”; see Fink 2009, 20ff. and Bachinger 2009 regarding regulation on “24-hour care at home”).

If people in need for long-term care cannot afford the respective services, costs may be covered by means-tested Social Assistance. It must be stressed that means-testing here takes place against income *and* assets, meaning that a capitalisation of the latter has to take place before respective costs may be taken over by Social Assistance.

Overall spending for long-term care increased from 0.9% of GDP in 1990 to about 1.3% of GDP in 1994 (when long-term-care cash benefits were introduced). Thereafter, this number remained largely stable until 2008, but increased to about 1.47% in 2009 (mainly due to decreasing GDP but also due to an increase in the benefit levels of long-term-care cash benefits, as decided in 2005 and 2008).³⁴ In 1994, about 85% of all spending on long-term care was covered by the public sector, whereas about 15% came from private sources. The public share somewhat decreased during the following years (down to about 81.2% in 2004), but then increased again (to about 84% in 2009), probably caused by the increase in benefit levels of long-term care cash benefits (decided in 2005 and 2008). The number of recipients of long-term-care cash benefits increased to a much larger degree than overall spending (in % of GDP) - from ca. 333,000 in 1999 to ca. 434,000 in 2009 – which equals an overall rise of about 30%.

Reforms regarding long-term care have been rather limited during the last year.

Access to long-term care cash benefits has been tightened to some degree at “care level” 1 and 2, i.e. regarding people with comparatively low individual care requirements. At the same time, long-term care benefits were somewhat increased at “care-level” 6, i.e. for people with the second highest individual care requirements. Both measures were part of the package on budget consolidation, decided in late 2010. Overall, respective savings are planned to amount to about EUR 318 million between 2011 and 2014. In this context it is worth noting that long-term care benefits are not indexed on a regular basis in Austria, but only according to explicit political decision. Long-term care benefits have – since their introduction in 1993 – only been raised in 1994, 1995, 2005 and 2008.

Recently, it became evident that the federal provinces and the municipalities face huge problems in financing institutional and at-home care services. Against this background the federal state, the federal provinces and the municipalities agreed in March 2011 on the introduction of a joint “long-term care fund”, which is planned to serve as an interim solution for respective financing problems until 2014. In sum, EUR 685 million will be made available until 2014, of which 2/3 will be financed by the federal state and 1/3 by the federal provinces and the municipalities. However, it must be stressed that it is not possible that this measure will deal with the problem of underfunding within long-term care from a mid-term perspective, but that other solutions will have to be found.

One other reform decided in 2010 - and in place since 1 September 2010 - is a new guideline regarding the “uniform implementation of the federal Act on Long-term Care Benefits” (RPGG 2010). This guideline has been developed by the Federation of Austrian Social Insurance Providers (in cooperation with the Ministry of Labour and Social Affairs) and follows the aim of a more transparent, straightforward and nationwide uniform implementation of classifications according to the seven levels of long-term-care cash benefits (see Grasser/Rudda 2010 for more details).

³⁴ Data according to OECD System of Health Accounts, provided by Statistics Austria:
http://www.statistik.at/web_de/statistiken/gesundheit/gesundheitsausgaben/index.html#index1.

2.4.2 Debates and political discourse

During the first half of 2010, political discourse and debates on long-term care were not very intense. Several actors now and then urged that long-term-care cash benefits should be valorised on a yearly basis (same as e.g. old-age pensions),³⁵ but the government refused to put this issue on their agenda.

One other topic repeatedly addressed by different actors is the one of mid- and long-term financial sustainability of long-term care. Here, only some stakeholders tended to prefer a long-term-care insurance,³⁶ whereas most of them asked for the introduction of a “long-term-care fund”, however, often being very sketchy about ideas on how to finance this fund.³⁷

A third point repeatedly discussed was the one of the classification of beneficiaries according to the seven different levels of long-term-care cash benefits. Here, several stakeholders repeatedly criticised that the implementation of respective rules varies greatly, leading to inequalities and injustices. To improve the situation, the Federation of Austrian Social Insurance Providers came up with a new guideline regarding the “uniform implementation of the federal Act on Long-term Care Benefits” (RPGG 2010; see above) and, in October 2010, a pilot-scheme started in the federal province of Lower Austria, where the assessment of care dependency will now be carried out according to the four-eye-principle. Hereby, the assessment will not only be made by a physician (as up to now), but in co-operation with a qualified nurse.

The discussion and debates on long-term care intensified as from summer 2010, due to rumours that long-term care cash benefits could be retrenched within the upcoming package for budget consolidation. Opposition parties, associations of disabled people and social NGOs fiercely criticised such plans. But the government still decided to tighten access to long-term-care cash benefits of level 1 and level 2 (see above), which then was again heavily criticised in public and political debates.

By the end of 2010, a discussion started about organisational features of the system of long-term care cash benefits. They are – as already noted above – up to now the subject of shared competencies between the federal state and federal provinces, with each of them being responsible for different groups (according to their status in social insurance). This evidently leads to fragmentation and inefficiencies and, in January 2011, some federal provinces came up with the claim that all long-term care cash benefits should in future be administered by the federal provinces only, whereas the federal state would only remain to be responsible to *finance* (but not to administer) respective benefits for the groups that now fall under his competency.³⁸

This claim was rejected by a large number of relevant actors and especially the Ministry of Labour and Social Affairs. After some negotiations, the federal state and the federal provinces agreed that all long-term care cash benefits should in future be administered by the federal state, whereas the federal provinces will have to transfer funds for the beneficiaries who up to now fell under their competency. Furthermore, competencies on legislation regarding long-term care cash benefits will in future be a sole competency of the federal state.³⁹ These decisions came in a package with the introduction of the “long-term care fund” (see above).

³⁵ See e.g. OTS0057 CI, II 30.06.2010; APA0119 II 30.06.2010; OTS0302 II 09.11.2010.

³⁶ See e.g. APA0131 II 30.04.2011; APA0390 II 25.02.2011;

³⁷ See e.g. OTS0359 II 16.12.2010; OTS0208 II 11.11.2010; APA0056 II, CI 24.09.2010.

³⁸ See APA0367 II, CI 18.01.2011.

³⁹ See e.g. OTS0101 II 16.03.2011

The respective draft act on both issues has recently (in May 2011) been presented and has been acclaimed by most political actors. However, at the same time it was criticised that the “long-term care fund” will not solve the financial problems within the area of long-term care in the long run (but only up to 2013/2014). Regarding more long-term and structural questions, a “working group on structural reform” was introduced (with participation of the federal state, the federal provinces and other actors), but results of this working group are only expected for the end of 2012.

Overall, it is fair to say that there is public and political awareness with regard to the evolution of long-term care in the future. It is – for most political actors – clear that this is an area with huge future challenges, and where more long-term strategies and structural reform would be necessary. However, up to now, actual reform steps decided are more of the type of incremental adaptation, with one exemption, which is the bundling of competencies regarding cash benefits.

Furthermore, it is fair to say that respective debates mainly deal with questions of the level of cash benefits, of financial sustainability and general organisational features, whereas questions of access to and quality of long-term care services are rarely addressed within the debates.

2.4.3 Impact of EU social policies on the national level

As with the policy area of health care, the impact of European initiatives and the OMC on national developments and debates regarding long-term care is largely invisible in the Austrian case. The same holds true for the EU-2020 strategy, which hardly ever addressed in national debates about long-term care. The current National Reform Programme of Austria (NRP 2011) mentions the question of long-term care in one sentence only, announcing the need for “improvement of the general conditions of care of the elderly” (especially against the background of the goal to increase the labour market participation of women), but without denominating any more concrete measures envisaged.

Regarding the linkage between long-term care and ageing, political actors in Austria are well aware of the problem that demographic changes will lead to increased demand for long-term care services in future. However, it is rarely addressed in public and political debates how this increased demand could be somewhat mitigated by strategies of health prevention. Interestingly, the question of “active ageing” hereby is mainly framed as a goal regarding labour market participation and financial sustainability of the pension system, and more indirect effects regarding the question of LTC are rarely taken into consideration.

2.4.4 Impact assessment

More encompassing evaluations and assessments regarding long-term care are very rare for the case of Austria.

An overview on respective developments is provided by a yearly report on long-term care, produced by the working group for long-term care (*Arbeitskreis für Pflegevorsorge*), which is organised by the Ministry of Labour and Social Affairs. The last edition of this report was presented in November 2010 (BMASK 2010d). However, this report is to a large degree of a merely descriptive nature and does not provide an assessment as such. This especially holds true for questions of the quality of long-term care services. Furthermore, it should be mentioned that information provided for this report by the federal provinces varies to a large degree, both regarding its scope and its substance, and for several federal provinces information on questions of quality is completely missing.

One rather informative assessment about the overall development and situation of long-term care in Austria was published in the context of the ANCIEN-project (Assessing Needs of Care in European Nations) (Riedel/Kraus 2010). It gives an overview about the outline of respective systems, financial developments and the situation of people in need of care and their relatives. Although this report does not include a lot of new data and information, it provides an excellent compilation of the information available, plus interesting re-interpretation of them. Riedel/Kraus (ibid, 33f.) come to the conclusion that several problems are evident within the Austrian system of long-term care. These problems are, amongst others: no regular indexation of long-term care benefits; a lack of transparency regarding the supply of services due to a general lack of more detailed supply data as well as the fragmentation of the system – i.e. nine differing provincial legislations plus several municipal ways of naming, handling and financing respective services; a lack of transparency regarding access criteria (and the actual access) to services that are granted by municipalities in case of “social hardship”; problems regarding training in nursing care (but some improvements appear to be evident regarding this point).

Within the comparative part of the ANCIEN-project, efforts have been made to cluster different national LTC-systems according to ideal types (Kraus et al. 2010). According to the results, Austria is part of a cluster with the following features: moderate public spending, high private funding, moderate FC (formal care) use, high IC (informal care) use, high IC support, large role of cash benefits. This is largely in line with findings by OECD as recently presented in their publication “Help Wanted? Providing and Paying for Long-term Care” (OECD 2011b).

Schneider et al. (2009) present a rather encompassing analysis on informal care arrangements in the federal province of Vienna (based on the so-called Vienna Informal Carers Study 2008, VIC2008). This analysis is based on a survey, VIC2008. VIC2008 covers individuals living in private households and providing care on an informal basis to Viennese citizens aged 60 and over who are recipients of long-term care cash benefits. The survey includes those informal carers (kin or friends) who provide the largest part of the necessary care and support to the person in need. The dataset covers five main areas: information on the person in need of care; information on the person providing care informally (the interviewee); information on the content of care and the time spent on care-giving; recreational activities of the informal caregiver; and – as a central theme of VIC2008 – the employment situation of informal carers. Overall, VIC2008 includes information on 3,036 informal carers, both relatives and friends, providing care to seniors living in private households. The main findings from VIC 2008 are the following (see Schneider et al. 2009, 4f.):

- 70% of the main informal care-givers are women, about half are aged between 55 and 72 years.
- 45% of respondents, mostly women, are of working age.
- More than a quarter of all the respondents (or about half of those of working age) are in formal employment.
- Almost one fifth of those of working age have given up formal employment for informal care-giving.
- The large majority of those in need of care require support with instrumental and social activities of daily living, to a smaller extent with personal activities of daily living. With regard to instrumental activities of daily living, more than 80% need help with eating, with the organisation of aids, with domestic work and with money and banking matters.

Likewise, in terms of social activities of daily living, more than 87% need emotional support and help in social activities. In respect of personal activities of daily living, about half need help for dressing and undressing and for personal hygiene.

- For two thirds of the respondents, care provided in covering these needs extends over seven days a week. On average, half of them spend more than 20 hours per week on care-giving.
- Almost half of the respondents also indicated that they get at least some support from social services, in particular home help and meals on wheels.
- About two thirds of the respondents are “very satisfied” or “satisfied” with the division of care work between informal carers and between informal carers and social services.
- However, when asked about the implications of the work load, respondents show substantial burdens associated with informal care-giving:
 - About 39% of all informal care-givers report that they “always” or “frequently” face a lack of time for themselves.
 - About 38.5% report that they are “always” or “frequently” stressed by trying to combine informal care-giving with employment and other family life.
 - About 31% report that the activity of care-giving for them “always” or “frequently” causes psychological strain.
 - For about 45% of all informal care-givers “always” or “frequently” face a feeling of insecurity when thinking about the future of the person cared for and the sustainability of the current care arrangement.

Overall, it appears that informal care-giving goes hand in hand with high psychological and other burdens. On the other hand, it appears that there still exists a kind of “culture” of informal care-giving, where many informal care-givers report that they are – overall – rather “satisfied” with the current care arrangement.

2.4.5 Critical assessment of reforms, discussions and research carried out

Discussions and debates on long-term care in Austria during the last eighteen months very much concentrated on a) the level of and access to cash benefits and b) the question of overall financial sustainability of the system. In the context of the latter more structural questions of organisation gained some increased attention as well, however, mainly regarding cash benefits, and not concerning the question of the organisation of and the access to respective services.

Regarding the problem of funding, reforms show a kind of a twofold strategy. One the one hand, access to long-term care cash benefits has been tightened to some degree, while on the other, additional funds have been made available regarding social services for people in need of long-term care (which fall in the competencies of the federal provinces and the municipalities). However, it is fair to say that these reforms do not provide a long-term solution for respective problems of funding. The relevant actors at all levels (i.e. at the level of the federal state, of the federal provinces and of the municipalities) are well aware of this fact and a working group has been installed to come up with new proposals for a more structural reform of long-term care (results are, however, not expected before end of 2012).

The actually decided reforms more or less aimed at largely prevailing the status quo (even in times of tight budgets), but at the same time failed to address more structural problems of the

Austrian system of long-term care. An exemption to this is the measure to bundle all competencies regarding cash benefits at the level of the federal state, but in other areas adaptations were of the type of incremental adaptation only.

This especially applies regarding the access to and the quality of at-home and semi-outpatient care services. Here, findings (limited as they may be) point to the direction that availability varies to considerable degree within different regions and that, especially in cases of extensive need for care, the long-term care cash benefits only cover a fraction of the costs which would arise if all necessary support would be purchased within formal outpatient care. Furthermore, the large informal sector within long-term care evidently brings problems of quality assurance, and it is in contradiction with the goal to increase the share of women (who conduct the bulk of all informal care) in formal employment and, at the same time, it is not likely to be sustainable from a mid-term perspective for the reason of socio-demographic changes and altering family structures. Similar problems apply for the model of “24 hour-care at home”. Here again, quality assurance appears to be a problematic issue and, from a mid-term perspective, this model may have its own expiry date (when e.g. wages in New Member States in Eastern Europe rise and this kind of work then loses attractiveness for potential care-givers from these countries).

Overall, to provide a sound starting point for debates about structural reform, it would be necessary to examine inequalities regarding access to outpatient and semi-outpatient services in more detail. But information about the actual offers and accessibility of such services is, given the institutional fragmentation within this policy area, very limited for the time being and no new in-depth assessments on this issue have been presented more recently.

Furthermore, as with the health care system, no more detailed analyses are available dealing with the interlinkages between material inequality (in terms of income and assets), care dependency and care arrangements. This means that it is largely unclear at the time of writing for whom (in terms of income and assets) the current system works out in what way. At the same time, the overall impacts of the current system on social inclusion and its efficiency relating to this point remain largely ambiguous.

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Press releases:

OTS = press release Originaltext-Service by Austrian Press Agency

APA = press release via Austrian Press Agency

3 Abstracts of Relevant Publications on Social Protection

[R] Pensions

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

[H] Health

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

[L] Long-term care

[R] Pensions

[R1, R2, R3, R5] BUNDESMINISTERIUM FÜR ARBEIT, SOZIALES UND KONSUMENTENSCHUTZ, Sozialbericht 2009–2010. Ressortaktivitäten und sozialpolitische Analysen, 2010, 263 p., retrieved from:

http://www.bmask.gv.at/cms/site/attachments/3/2/3/CH0107/CMS1289832560842/sozialbericht_2010_web.pdf

“Social report 2009–2010. Department activity and socio-political analyses”

This report of the Ministry of Labour, Social Affairs and Consumer Protection informs about activities in the areas of the statutory Social Insurance, consumer protection, long-term care provision, disabled persons’ affairs, means-tested minimum income and social assistance, pensioners’ affairs, international and EU social policy and others. It provides data on social spending, invalidity pensions, alternative forms of financing of social security, risk of poverty, development and distribution of incomes and financial assets. It includes a chapter on statutory insurance/pensions (18 p.).

[R4, R5] FAMIRA-MÜHLBERGER, Ulrike/BUDIMIR, Kristina/EPPEL, Rainer/HUEMER, Ulrike/LEONI, Thomas/MAYRHUBER, Christine, Soziale Sicherungssysteme und Arbeitsmarktpfomanz in der EU, Austrian Institute of Economic Research, commissioned by AMS, 2 volumes, 2010, Vienna, 125 p. (volume 1) / 96 p. (volume 2), retrieved from:

http://www.forschungsnetzwerk.at/downloadpub/Soziale_Systeme_Teil1_2010_wifo.pdf
http://www.forschungsnetzwerk.at/downloadpub/Soziale_Systeme_Teil2_2010_wifo.pdf

“Systems of social protection and labour market performance in the EU”

This recent study analyses the labour market performance of nine EU-member states in the light of the respective systems of social protection in place. Special focus is set on the group of the inactive population. The study analyses the different reasons for not joining the labour market and the influence of the social security systems regarding the size and composition of those being inactive. Concerning the labour market activity of older workers (50–64 years), the study shows that early retirement is the main reason for inactivity in countries with a low legal retirement age and a high net replacement rate. For Austria, the authors conclude that the

respective effects of the pension reforms 2000-2004 are limited because of interim and special arrangements. Regarding the reform of invalidity pensions, the authors propose a reform focussing on re-integrative and preventive measures and the introduction of a model of partial retirement (Teilpensionen).

[R2] GRÜNDLER, Mandred, Pensionsrechtssplitter, in: Soziale Sicherheit, April 2010, p. 202-213.

“Rules in old-age pensions”

This short article shows that the reforms of 2003 and 2004 made the old-age pension system in Austria extremely confusing for (future) benefit claimants, but also complex and time-consuming for social insurance bodies (when it comes to the calculation of benefits). It also shows, that some of the regulations decided upon are not even precise in how they should be implemented, and that there is room for interpretation in that respect. He comes to the conclusion that respective reforms should be decided only after a more detailed consideration of possible problems in future.

[R2, R3] HAUPTVERBAND DER ÖSTERREICHISCHEN SOZIALVERSICHERUNGS-TRÄGER, Handbuch der österreichischen Sozialversicherung 2011, April 2011, Vienna, 184 p., retrieved from:

http://www.sozialversicherung.at/mediaDB/788530_Handbuch_der_oesterreichischen_Sozialversicherung.pdf

“Handbook on the Austrian Social Insurance System 2010”

This handbook informs about the development of Austria’s Social Security in 2010 and includes comprehensive data in the areas of health, pension and accident insurance, maternity benefits and long-term care benefits. It also gives an overview of legal modifications in social security law enacted in 2010.

[R2, R3, R5] KAMMER FÜR ARBEITER UND ANGESTELLTE FÜR NIEDERÖSTERREICH, Pensionsrecht 2011, January 2011, Vienna, 47 p., retrieved from: <http://noe.arbeiterkammer.at/bilder/d108/pensionsrecht%202011.pdf>

“Pension law”

This booklet gives a good overview over the (now very complicated) rules regarding old-age pensions in Austria. Hereby, it also addresses following issues, coming ahead with the reforms of 2003 and 2004: gradual and stepwise implementation, special regulations for specific persons, rules on the capping of losses, transition periods and multiple accounting (so-called “parallel accounting”).

[R1, R2] KOMMISSION ZUR LANGFRISTIGEN PENSIONSSICHERUNG, Bericht über die langfristige Entwicklung der gesetzlichen Pensionsversicherung für den Zeitraum 2009 bis 2060, 2010, Vienna, 130 p., retrieved from:

http://www.bmsk.gv.at/cms/site/attachments/5/8/6/CH0982/CMS1304056885870/kommission_sept2010.pdf

“Report on the long-term development of the statutory pension system for the period 2009 to 2060”

In this report the members of the “Experts Commission on Long-term Sustainability of the Austrian Pension System” present new long-term forecasts on spending for statutory pensions in Austria. The results presented are much less optimistic than earlier forecasts, which led to increased public and political debates about the need for reform.

[R1, R2] KOMMISSION ZUR LANGFRISTIGEN PENSIONSSICHERUNG, Gutachten der Kommission zur langfristigen Pensionssicherung (§ 108e ASVG) für das Jahr 2011, Vienna, retrieved from:

http://www.bmask.gv.at/cms/site/attachments/5/8/6/CH0982/CMS1304056885870/gutachten_2011.pdf

“Expertise of the Experts commission on long-term sustainability of the pension system for the year 2011”

In this report the members of the “Experts Commission on Long-term Sustainability of the Austrian Pension System” calculate the benchmark for the adjustments of the pension levels based on the pensioners consumer price index of the years 2009 and 2010; they forecast developments in conduct of the pension system for the years 2010 to 2015, completed by alternative projections based on recent economic data.

[R1, R2, R3, R5] OBINGER, Herbert et al., Transformation of the Welfare state. Small States, Big Lessons, Oxford/New York, 320 p.

This book gives a good overview over welfare state development in a number of small states (Austria, Denmark, New Zealand and Switzerland). It deals with pension politics, health care, labour market policy and family policy.

[R2, R3] OBINGER, Herbert/TÁLOS, Emmerich, Janus-Faced Developments in a Prototypical Bismarckian Welfare State: Welfare Reform in Austria since the 1970s, in: Bruno Palier (ed.): A Long Goodbye to Bismarck?, Amsterdam, 101-128.

This book chapter provides a good overview on welfare state development in Austria within the last 30 years. It deals with pension politics, health care, labour market policy and family policy.

[R1, R2, R3, R4, R5] RUDDA, Johannes, Ist die Invaliditätspension noch zeitgemäß?, in: Soziale Sicherheit, January 2010, p.10-24,

“Is invalidity pension still appropriate”

This paper provides a rather detailed description of regulation and of decisions made by the constitutional court in respect of invalidity pension. Then it describes the results (incl. some data) and ideas for re-regulation that were developed within various working groups that were established to deal with this topic at the national level. This paper contains a kind of (very short) summary of the results of the project “Invalidität im Wandel” (changes in invalidity), which was conducted by an expert working group set up by the former Minister for Social Affairs, Erwin Buchinger, in autumn 2007.

[H] Health

[H1, H2, H3, H4, H7] AIGINGER, Karl (2011), Herausforderungen einer alternden Gesellschaft: Schwerpunkt Reformbedarf im österreichischen Gesundheitssystem, MS., 2011, 11p. Vienna, retrieved from:

[http://www.wifo.ac.at/wwa/downloadController/displayDbDoc.htm?item=VT_2011_111\\$.PDF](http://www.wifo.ac.at/wwa/downloadController/displayDbDoc.htm?item=VT_2011_111$.PDF)

“Challenges of an ageing society. Focus need of reform within the Austrian health care system”

This is in fact the printed version of a conference speech. However, it provides in excellent short assessment about the strengths and weaknesses of the Austrian health care system. In methodological terms, this assessment is at first instance based on macro-quantitative indicators, which get analysed from an international comparative point of view.

[H1, H2] HABL, Claudia et al. (2010). Das österreichische Gesundheitswesen im internationalen Vergleich 2009, Vienna, 102p., retrieved from:

http://www.goeg.at/cxdata/media/download/berichte/Gesundheitswesen_2010.pdf

“The Austrian health care system in international comparative perspective”

This research report gives a rather good overview over the performance of the Austrian health care system, when assessed from an international comparative perspective and according to macro-quantitative input- and outcome-indicators.

[H1, H2] HAUPTVERBAND DER ÖSTERREICHISCHEN SOZIALVERSICHERUNGSTRÄGER, Handbuch der österreichischen Sozialversicherung 2011, April 2011, Vienna, 184 p., retrieved from:

http://www.sozialversicherung.at/mediaDB/788530_Handbuch_der_oesterreichischen_Sozialversicherung.pdf

“Handbook on the Austrian Social Insurance System 2010”

This handbook informs about the development of Austria's Social Security in 2010 and includes comprehensive data in the areas of health, pension and accident insurance, maternity benefits and long-term care benefits. It also gives an overview of legal modifications in social security law enacted in 2010.

[H1, H3] OBINGER, Herbert et al., Transformation of the Welfare state. Small States, Big Lessons, Oxford/New York, 320 p.

This book gives a good overview over welfare state development in a number of small states (Austria, Denmark, New Zealand and Switzerland). It deals with pension politics, health care, labour market policy and family policy.

[H1, H3] OBINGER, Herbert/TÁLOS, Emmerich, Janus-Faced Developments in a Prototypical Bismarckian Welfare State: Welfare Reform in Austria since the 1970s, in: Bruno Palier (ed.): A Long Goodbye to Bismarck?, Amsterdam, 101-128.

This book chapter provides a good overview on welfare state development in Austria within the last 30 years. It deals with pension politics, health care, labour market policy and family policy.

[H1, H3, H4, H5] STATISTIK AUSTRIA, Jahrbuch der Gesundheitsstatistik 2009, 2010, Vienna, 403 p., retrieved from:

http://www.statistik.at/dynamic/wcmsprod/idcplg?IdcService=GET_NATIVE_FILE&dID=86653&dDocName=053910

“Yearbook of Health Statistics 2009”

The yearbook of health statistics provides important data and basic facts of the Austrian health system. It considers the core sectors of the health system, like hospital care, social insurance and health expenditures from a national perspective as well as in international comparison. Extended tables inform about relevant demographic data (fertility, mortality and causes of death), health status of society, facilities and personnel of the health system and health expenditure.

[L] Long-term care

[L] BUNDESMINISTERIUM FÜR ARBEIT, SOZIALES UND KONSUMENTENSCHUTZ, Sozialbericht 2009–2010. Ressortaktivitäten und sozialpolitische Analysen, 2010, 263 p., retrieved from:

http://www.bmask.gv.at/cms/site/attachments/3/2/3/CH0107/CMS1289832560842/sozialbericht_2010_web.pdf

“Social report 209-2010. Department activity and socio-political analyses”

This report of the Ministry of Labour, Social Affairs and Consumer Protection informs about activities in the areas of the statutory social insurance, consumer protection, long-term care provision, disabled persons’ affairs, means-tested minimum income and social assistance, pensioners’ affairs, international and EU social policy and others. It provides data on social spending, invalidity pensions, alternative forms of financing of social security, risk of poverty, development and distribution of incomes and financial assets. It includes a chapter on long-term care provision (10 p.).

[L] BUNDESMINISTERIUM FÜR ARBEIT, SOZIALES UND KONSUMENTENSCHUTZ, Österreichischer Pflegevorsorgebericht 2009, 2010, 123 p., Vienna, retrieved from: http://www.bmsk.gv.at/cms/site/attachments/6/0/1/CH0099/CMS1219747620838/pflegevorsorgebericht_2009.pdf

“Austrian report on long-term care provision”

This is the 16th annual report of the working group on long-term care provision, founded in 1993 to facilitate joint provisions of the Federal State and the Länder and secure the sustainability of affordable care provision. It informs about general developments, quality assurance, cash and in-kind benefits. It is the most encompassing yearly documentation on long-term care in Austria.

[L] KRAUS, Markus et al., A typology of systems of Long-Term Care in Europe - Results of Work Package 1 of the ANCIEN Project, Vienna, 51 p. retrieved 17.05.2011, <http://www.ancien-longtermcare.eu/sites/default/files/ENEPRIRRN091TypologyofLTCSYSTEMsinEurope.pdf>

This analysis tries to find ideal types/clusters of different LTC-schemes in Europe. According to the respective results, Austria is part of a cluster with following features: moderate public

spending, high private funding, moderate FC (formal care) use, high IC (informal care) use, high IC support, large role of cash benefits.

[L] RIEDEL, Monika/KRAUS, Markus, The Austrian long-term care system, Austrian contribution to Work Package 1 of the research project “Assessing Needs of Care in European Nations” (ANCIEN), 2010, Vienna, 37p., retrieved from:

<http://www.ancien-longtermcare.eu/sites/default/files/ENEPRI%20RR%2069%20ANCIEN%20Austria%20Rev1.pdf>

This paper gives an overview about the outline of systems, financial developments and the situation of people in need of care and their relatives. Although this report does not include a lot of new data and information, it provides an excellent compilation of the information available, plus interesting re-interpretation of the former. The authors come to the conclusion that several problems are evident within the Austrian system of long-term care. These problems are, amongst others: no regular indexation of long-term care benefits; a lack of transparency regarding the supply of services due to a general lack of more detailed supply data as well as the fragmentation of the system – i.e. nine differing provincial legislations plus several municipal ways of naming, handling and financing respective services; a lack of transparency regarding access criteria (and the actual access) to services that are granted by municipalities in case of “social hardship”; problems regarding training in nursing care (but some improvements appear to be evident regarding this point).

4 List of Important Institutions

Arbeitsgemeinschaft Sozial- und Gesundheitsforschung, Institut für Gesellschafts- und Sozialpolitik, Universität Linz – Working Group on Social and Health Research, Institute of Social and Societal Policy, University of Linz

Contact person: Univ.-Prof. Dr. Josef Weidenholzer
Address: Altenberger Str. 69, 4040 Linz, Austria
Webpage: <http://www.gespol.jku.at/>

Main objectives: interdisciplinary research (social and health politics, medicine, sociology, gender studies, business administration, statistics), connecting science and practice.

Areas of expertise: Social and health care systems, Gender medicine, Contract research (e.g. market research), Consulting, Development and Evaluation of social and health projects, Development of evaluation instruments. Recurring publications: Gesundheitswissenschaften (Journal), Gesellschafts- und Sozialpolitische Texte (an occasional series of monographs and edited volumes).

Armutskonferenz – Austrian Network against Poverty and Social Exclusion

Address: Gumpendorferstraße 83, 1060 Vienna, Austria
Webpage: <http://www.armutskonferenz.at>

Network of the main civil society organisations: welfare organisations, umbrella organisations of social initiatives, church and trade union organisations, etc. Member of the European Anti Poverty Network (EAPN).

Main objectives: Broaching the issue of poverty and social exclusion in Austria and improving the living conditions of those concerned.

Areas of expertise: economic, legal and socio-political issues and matters related to life situations.

Bundesministerium für Arbeit, Soziales und Konsumentenschutz – Federal Ministry of Labour, Social Affairs and Consumer Protection

Address: Stubenring 1, 1010 Vienna, Austria
Webpage: <http://www.bmsk.gv.at>

The main objectives of the Federal Ministry of Labour, Social Affairs and Consumer Protection are in the fields of general social policy, labour market and law, occupational health and safety, means-tested minimum income, nursing and long-term care, social insurance, social compensation and senior citizens as well as people with disabilities.

Bundesministerium für Gesundheit – Federal Ministry of Health

Address: Radetzkystraße 2, 1030 Vienna, Austria
Webpage: <http://www.bmgfj.gv.at>

The Federal Ministry of Health's main tasks are in the fields of health and health insurance legislation, public health service and drug service, consumer health and prevention as well as coordination of health affairs.

European Centre for Social Welfare Policy and Research

Contact person: Prof. Dr. Bernd Marin

Address: Berggasse 17, 1090 Vienna, Austria

Webpage: <http://www.euro.centre.org>

UN-affiliated intergovernmental research institute.

Main objectives and areas of expertise: to provide expertise in the fields of welfare and social policy development in a broad sense – in particular in areas where multi- or interdisciplinary approaches, integrated policies and inter-sectoral action are called for, especially health, pensions, long-term care, labour market and social policy.

Main recurring publications: Book series “Wohlfahrtspolitik und Sozialforschung”, Book series “Public Policy and Social Welfare”, Eurosocal Report Series, Policy Briefs (provides a synthesis of issues of research and policy advice on which the European Centre researchers had been working recently).

Forschungs- und Beratungsstelle Arbeitswelt – Working Life Research Centre

Contact person: Univ.-Prof. Dr. Jörg Flecker

Address: Aspernbrückengasse 4/5, 1020 Vienna, Austria

Webpage: <http://www.forba.at/de/>

Private research institute.

Main objectives: interdisciplinary and international research, knowledge transfer aimed at translating research findings into social practice.

Areas of expertise: social science research on work and employment: Work, Organisation, Transnationalisation, Work, Gender and Politics, Sustainable Working Life, Information system design and data protection. Main recurring publications: Forba Discussion Papers (3-5 times per year), Forba Research Reports.

Gesundheit Österreich GmbH

Address: Stubenring 6, 1010 Vienna, Austria

Webpage: <http://www.goeg.at/>

The Gesundheit Österreich GmbH (GÖG) was established by federal law on 1 August 2006 as the national research and planning institute for health care and the national centre of competence and funding for health promotion. Two institutions were integrated into GÖG as business units: Österreichisches Bundesinstitut für Gesundheitswesen (ÖBIG; Austrian Federal Institute for Health Care) and Fonds Gesundes Österreich (FGÖ; referred to below as Fund for a Healthy Austria). GÖG is the universal successor of both.

On 1 July 2007 the Bundesinstitut für Qualität im Gesundheitswesen (BIQG; Federal Institute for Quality in Health Care) was established, representing the third business unit. This arrangement will allow improved coordination of structural planning, health promotion and quality assurance activities. The resulting synergies will benefit all stakeholders in Austrian health care and thus, all Austrians.

GÖG has one sole shareholder, the Federal Government, represented by the Federal Minister for Health and Women. In its scientific work, GÖG is not subordinate to the shareholder. GÖG has two subsidiaries: ÖBIG Forschungs- und Planungsgesellschaft mbH is a contractor for local and regional authorities and for public customers. ÖBIG Beratungs GmbH was formed as a service provider for private customers and contract awarders.

Hauptverband der österreichischen Sozialversicherungsträger – Federation of Austrian Social Insurance Providers

Contact person: Dr. Hans-Jörg Schelling

Address: Kundmannngasse 21, 1031 Vienna, Austria

Webpage: <http://www.sozialversicherung.at>

Umbrella organisation of the 22 public insurance providers (health, accident and pension insurance). Independent administration.

Main objectives: Coordination of activities of its members, Representation of its members regarding common affairs (e.g. treaties with hospitals, doctors, etc.), Managing of a central information and data system, Guidelines for uniform implementation of laws, etc. Areas of expertise: Information on the social security system, legal reforms etc. Main recurring publications: Journal "Soziale Sicherheit", Recent data on employment and social security.

HealthEcon, Department of Economics and Finance, Institute for Advanced Studies

Contact person: Thomas Czypionka, Markus Kraus

Address: Stumpergasse 56, 1060 Vienna, Austria

Webpage: <http://www.ihs.ac.at/vienna/IHS-Departments-2/Economics-and-Finance-2/Applied-Research-3/Research-Fields-1/Health-Economics-2.htm>

Multi-disciplinary research group.

Main objective: research concerning economic, demographic, epidemiological, and political issues in the provision of health services. Areas of expertise: estimation of future demand, health insurance problems, efficiency measurement, development of benchmark systems, evaluation of interventions, comparative studies of health care and social security systems.

Main recurring publications: Health System Watch.

Institut für Höhere Studien – Institute for Advanced Studies

Contact person: Dr. Bernhard Felderer

Address: Stumpergasse 56, 1060 Vienna, Austria

Webpage: <http://www.ihs.ac.at>

Private non-profit organisation. Post-graduate research and training institute.

Main objectives: offer a platform for critical discussion, a possibility for consensus formation, and an open and interdisciplinary place for scientific research and critical scientific expertise. Areas of expertise: Economics and finance, Political science, Sociology. Main recurring publications: Economic Forecast, Economics Series, Political Science Series, Sociological Series.

Institut für Sozialpolitik, Wirtschaftsuniversität Wien – Institute for Social Policies, Vienna University of Economics and Business Administration

Contact person: Univ.-Prof. Dr. Ulrike Schneider

Address: Nordbergstrasse 15, 1090 Vienna, Austria

Webpage: <http://www.wu-wien.ac.at/sozialpolitik>

University Institute. Theoretical and empirical research of economic and social policy issues.

Areas of expertise: Theory of social policy, Poverty and social exclusion, Health and long-term care, The social economy – function & changes, Interlinking topics: gender, Europe, and ageing. Recurrent Publications: Working papers.

L&R Sozialforschung – L&R Social Research

Contact person: Ferdinand Lechner

Address: Liniengasse 2A/1, 1060 Vienna, Austria

Webpage: <http://www.lrsocialresearch.at>

Private social research institute.

Main objectives: L&R reports aim to serve Austrian ministries, state authorities, communities, the public employment service, organisations and associations, as well as international organisations and the European Commission as a decisive base. Main activities: research, consultancy and development, networks, lectures, seminars, workshops and conferences. Areas of expertise: Labour market policy, Regional and social policy, Education training and job qualification, Equal opportunities, Structural fund interventions in Austria and the Eastern European neighbour states.

Österreichisches Institut für Wirtschaftsforschung (WIFO) – Austrian Institut of Economic Research

Contact person: Prof. Karl Aiginger
Address: Arsenal, Objekt 20, 1030 Vienna, Austria
Webpage: <http://www.wifo.ac.at>

Private not-for-profit research institute.

Main objectives: Analysis of economic developments in Austria and internationally. Areas of expertise: Macroeconomics and European economic policy, Labour market, income and social security, Industrial economics, innovation and international competition, Structural change and regional developments, Environment, agriculture and energy. Main recurring publications: Monthly reports (analysis of current economic developments in Austria and the major OECD countries, quarterly economic forecast), Austrian Economic Quarterly (European economic integration – Economic cooperation with Eastern European countries – International policies for competitiveness – Economic outlooks from an international perspective).

Zentrum für Soziale Innovation – Centre for Social Innovation

Contact person: Univ.-Prof. Mag. Dr. Josef Hochgerner
Address: Linke Wienzeile 246, 1150 Vienna, Austria
Webpage: <http://www.zsi.at>

Private social research institute.

Main objectives: aims to bridge knowledge generation and knowledge application processes by socio-scientific research, education, advisory and networking services to reduce the gap between social needs and potentials of the knowledge based information society.

Areas of expertise: Work and equal opportunities (configuration of labour markets, local governance implemented, innovative employment policies and new forms of work, international migration, ethnic economies, gender equality, an ageing society, social integration), Technology and knowledge, Research policy and development.

Annex: Tables and Charts

Table 1: Newly granted direct pensions (excl. survivors' pensions)

	2008		2009		2010	
Men & Women						
	N	%	N	%	N	%
Normal old-age pension	25,567	28.8	26,818	27.9	26,422	28.0
Early old-age pension	33,021	37.2	39,242	40.8	38,500	40.7
Invalidity pension	30,120	34.0	30,131	31.3	29,593	31.3
Total	88,708	100.0	96,191	100.0	94,515	100.0
Women						
	N	%	N	%	N	%
Normal old-age pension	18,251	43.1	19,107	41.7	19,179	41.7
Early old-age pension	13,387	31.6	15,868	34.6	16,085	35.0
Invalidity pension	10,732	25.3	10,867	23.7	10,674	23.2
Total	42,370	100.0	45,842	100.0	45,938	100.0
Men						
	N	%	N	%	N	%
Normal old-age pension	7,316	15.8	7,711	15.3	7,243	14.9
Early old-age pension	19,634	42.4	23,374	46.4	22,415	46.1
Invalidity pension	19,388	41.8	19,264	38.3	18,919	38.9
Total	46,338	100.0	50,349	100.0	48,577	100.0

Source: Hauptverband der Österreichischen Sozialversicherungsträger & own calculations.

Table 2: Total pension stock: Average levels of pension benefits (excl. survivor's pensions); monthly rates; gross; paid 14 times per year; excl. Ausgleichszulage (i.e. means-tested minimum pension)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Men	in EUR per month (paid 14 times per year)										
All direct old-age pensions	1101	1130	1151	1176	1198	1221	1240	1280	1316	1402	1421
All direct pensions (incl. invalidity pensions)	1015	1044	1065	1089	1109	1129	1144	1177	1205	1282	1296
Women	in EUR per month (paid 14 times per year)										
All direct old-age pensions	647	663	671	685	697	714	730	756	777	829	839
All direct pensions (incl. invalidity pensions)	594	611	621	636	648	665	680	705	725	774	784
Average benefit level of women in % of benefit level of men											
All direct old-age pensions	58.76	58.67	58.30	58.25	58.18	58.48	58.87	59.06	59.04	59.13	59.04
All direct pensions (incl. invalidity pensions)	58.52	58.52	58.31	58.40	58.43	58.90	59.44	59.90	60.17	60.37	60.49

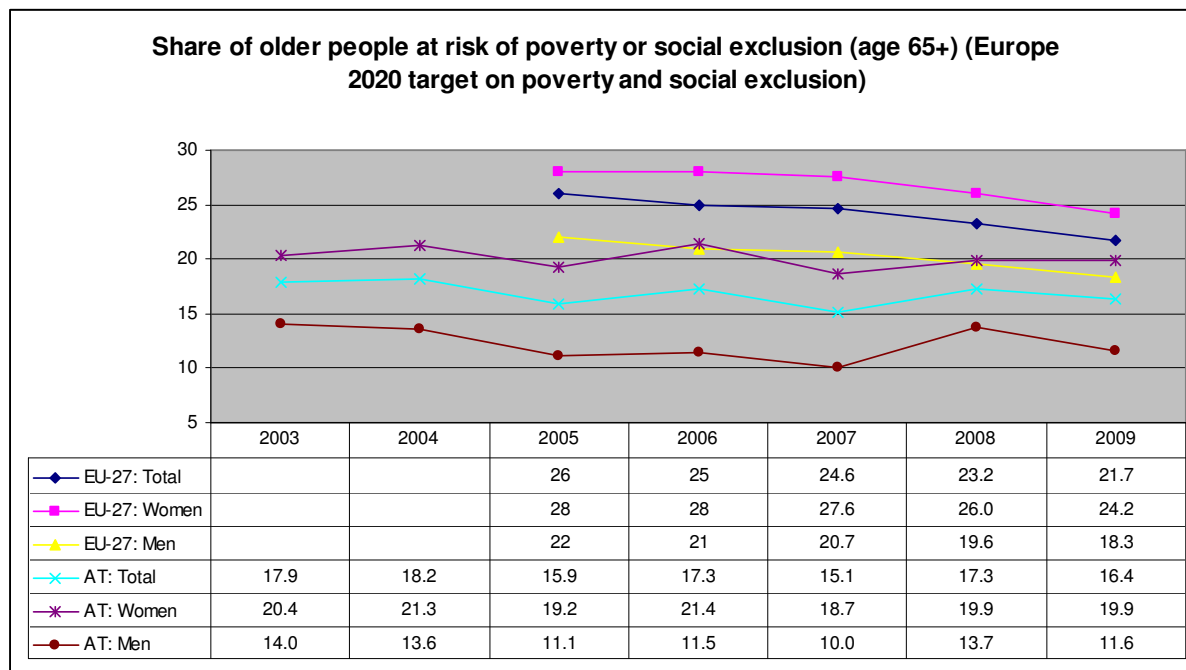
Source: Hauptverband der Österreichischen Sozialversicherungsträger & own calculations.

Table 3: Newly granted pensions: Average levels of pension benefits (excl. survivor's pensions); monthly rates; gross; paid 14 times per year; excl. Ausgleichszulage (i.e. means-tested minimum pension)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Men	in EUR per month (paid 14 times per year)										
All direct old-age pensions	1240	1320	1242	1267	1358	1326	1215	1296	1441	1506	1566
All direct pensions (incl. invalidity pensions)	1146	1218	1152	1157	1210	1175	1071	1125	1230	1291	1358
Women	in EUR per month (paid 14 times per year)										
All direct old-age pensions	751	745	688	743	815	833	815	866	885	920	962
All direct pensions (incl. Invalidity pensions)	707	695	664	702	764	765	745	787	811	849	893
Average benefit level of women in % of benefit level of men											
All direct old-age pensions	60.56	56.44	55.39	58.64	60.01	62.82	67.08	66.82	61.42	61.09	61.43
All direct pensions (incl., Invalidity pensions)	61.69	57.06	57.64	60.67	63.14	65.11	69.56	69.96	65.93	65.76	65.76

Source: Hauptverband der Österreichischen Sozialversicherungsträger & own calculations.

Chart 1



Source: EU-SILC

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

For more information see:

<http://ec.europa.eu/social/main.jsp?catId=327&langId=en>