Annual National Report 2011

Pensions, Health Care and Long-term Care

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1 Executive Summary

In the year 2010 and in early 2011, no essential changes in Lithuania's pension system were undertaken. Lithuania stabilised its economic situation and entered into modest recovery. According to the decisions taken in 2009 the reduced pensions were regularly paid. Despite the reduction of pensions, the Social Insurance Fund in 2010 was additionally indebted by 2.78 billion LTL (not only by pensions, but also by other benefits).

The huge deficit of the pension system was an indisputable argument that the pension system should be reformed and many options of reform were intensively discussed by Parliament (Seimas), the Government, and different stakeholders. Arguments of the EU Green paper on pensions were also used in discussions. As a result, some pension reform directions were clarified.

The reform is seen as a necessary measure to ensure short and long-term financial sustainability of the pension system. Adequacy of pensions is less in the focus and reform aims to retain a relatively low replacement rate as have been achieved before recession with no essential growth of pension expenditures (related to GDP). As the main measures of the reform are considered the increase of the retirement age to 65 years, a new calculation of pensions with strict dependence on full life contributions (supported by non-contributory sources), the introduction of clear rules of pension's indexation, and the improvement of political discipline on decisions concerning Social Insurance Fund expenditures and revenues. One element of the current pension policy is that the importance and role of the funded system is diminished; the promises to increase or even to restore contribution rates into the funded system have been withdrawn.

A very difficult current problem is the question who will pay back the debt of the Social Insurance Fund. If the Fund itself (i.e. future retirees) will be charged, the gap between the standard of living of retirees and the working generation will increase and additional intercohortal inequity between different age retirees will be created.

The Ministry of Health of Lithuania set out to implement three strategic goals in 2010: create a reliable and effective health care system by reorganising health care institutions; endeavour safe, qualitative and accessible health care for patients; protect and strengthen public health.

The restructuring of health care institutions, efforts to balance the budget of health insurance, and measures to reduce the prices of pharmaceuticals, financing of prophylactic health programmes devoid of deterioration of health care accessibility for residents should be named among the positive aspects in particular in 2010. The Lithuanian method for the collection of health insurance premiums contains a built-in variable for the estimation of premiums for state insured (the list of which covers vulnerable groups of the population), which allows regulating the State Health Insurance Fund without substantial legislative adjustments.

Access to high quality of health care services and illegal payments are a challenge in Lithuania. The National Survey of patients and health care providers in 2010 showed that the most problematic issue in health care organisation is access in terms of organisation of health care: waiting times for a family doctor and for specialised care are too long; patients require more time with a doctor and attention to their specific problem, there are local inequalities in the time for the access of emergency services. Although, after the implementation of the restructuring strategy of Health Care Institutions in 2003-2010, Lithuania is lagging behind the European Union average with the basic health care indicators.

The needs for long-term care are increasing due to the ageing of the population. More geriatric services for the elderly population were introduced in 2010, but, in general, the system of long term care was not changed.

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

2.1 Overarching developments

The year 2010 and early 2011 was a period of stabilisation and the beginning of recovery from recession. GDP increased by 1.3% (after the fall by 15% in 2009). In the first quarter of 2011, GDP increased by 6.9% (preliminary data).

Despite this, the average unemployment rate in 2010, according to labour survey data, was 17.8% (4.1 percentage points higher than in 2009). The real average wage in the year 2010 decreased by 4.2%. The inflation rate was 3.8% (December 2010 to December 2009) and continued to increase (4.4% in the period April 2011 to April 2010).

Seeking to reduce the budget deficit, the Government decided in 2009 to cut public spending in many important branches like public administration, education, social protection, health care and others. This policy was continued in 2010.

The main decisions in social protection were taken in 2009 and affected social protection benefits in 2010 (see the Lithuanian asisp Report of year 2010). The year 2010 was rather a year of discussions and talks about social protection reform, but no new essential decisions were really taken.

Despite the reduction of social insurance pensions and other benefits, the Social Insurance Fund had a deficit of 2.78 billion LTL (about 21% of all expenditures) in the year 2010.

The average number of population of Lithuania in 2010 was estimated at 3.27 million. Preliminary data of the last population census (April-May 2011) show that the real number probably is below 3 million due to extensive emigration.

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

2.2 Pensions

2.2.1 The system's characteristics and reforms

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

- *Social insurance pensions*. This is the main pension system, and includes old-age, incapacity for work (disability) and survivor's (orphan's and widow(er)'s) pensions. The system is PAYG and contribution-based. It is designed to replace parts of the work income when a person retires (or becomes disabled or dies). Pension insurance contributions for this system are paid by employers, employees, self-employed and other persons who perform gainful activities. The contributions are collected into the State Social Insurance Fund. This fund is not included in the state budget and is managed by the State Social Insurance Fund Board (Sodra). Sodra collects contributions and pays pensions.

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

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

- The "second pillar" funded pensions system is financed by parts of obligatory pension insurance contributions. A working person is allowed to direct a part of their contribution to a funded personal account managed by a private pension accumulation company. This person loses a proportional part of their social insurance pension rights, but they expect to get more from the funded system at the time of retirement. Bearing in mind that the system started only in 2004, it still plays only a minor part today (if at all) in pension payments, but will become more important in the future.[1]
- "Third pillar" funded pensions are also based on the system of personal accounts. The difference from the "second pillar" is that contributions to this pillar are not deducted from social insurance pension contributions. This pillar is just a voluntary savings system with certain tax advantages.

All details of entitlement and calculation of pensions are presented in the Lithuanian asisp report of year 2010. There were no essential changes in the past year. As a minor change it may be mentioned that the system of "merited" pensions (for people with important contributions to national achievements in arts, science, sports) was abolished and no new pensions of this kind will be granted in the future. Some other "merited" groups remained, like deprived persons, signatories of the Independence Act, etc. Pensions for these groups will be granted further.

An early retirement scheme was introduced in Lithuania in 2004. In contrast to expectations (especially during the time of recession with a very high unemployment rate) it is not popular. Only 10.8 thousand (1.8%) of old age retirees are in the scheme. So, this scheme is not seen as a major problem like in other countries where early retiriment decreases the average retiremet age.

[1] It should be noted that in the EU the "second pillar" often means the system of occupational pensions. In Lithuania an occupational pensions system does not exist, despite the fact that a special "Law on Funded Occupational Pensions" was adopted in 2006 (No. X-745).

Lithuanian pensions are not taxed. In October 2010, the IMF mission proposed to introduce the taxation of pensions.[2] This proposition met with strong resistance in society and was no more discussed.

There are no formal rules of pension indexation – decisions were taken *ad hoc*. In this sense, Lithuania is a unique country in the EU. In the past year, no decisions of this kind were taken and all pensions are "frozen".

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

2.2.2 Debates and political discourse

The main official policy documents of the past year were "The Concept of Social Insurance and Pensions System Reform"[3] (in the following referred to as Concept) approved by Government in June 2010, and the "Guidelines of Social Insurance and Pensions System Reform[4]" (in the following referred to as Guidelines) presented to Parliament (Seimas) by the Committee of Social and Labour Affairs in December 2010. The Guidelines, as a later document, take up main ideas from the Concept and present them more briefly.

Debates on substantial change of the pension system. Both documents declare the need for reform of the social insurance system and the pension system. The Guidelines aim to create a more sustainable, transparent system with guaranteed adequate benefits. The Concept also insists on financial sustainability, adequacy, better targeting and administration. The Concept and Guidelines both declare the following principles of the reform (concerning pensions):

- to achieve better distinction between social insurance and assistance principles;
- to ensure a more clear and strong interrelation between contributions and benefits in order to encourage participation in the system;
- to introduce a clear system of indexation of benefits based on objective criteria;
- to support the State Social Insurance Fund by general taxation sources;
- to integrate state pensions into a general *PAYG* and *funded* system;
- and to improve the efficiency of the funded system, to ensure better regulation and integration into the national pensions system.

The following measures to achieve the goals of the reform are foreseen in the Guidelines:

- to include in the reformed system only contribution-based benefits replacing income lost due to insured social risk (benefits strictly related to incomes on which contributions were collected);
- to change the calculation of social insurance pensions (possibly into NDC (Notional Defined Contribution) approach);
- to replace basic pension,s widow(er)'s pensions and social pensions with one National pension paid from general tax sources (state budget);
- to introduce incentives to work longer (by relation of pension amount with demographic and economic indicators);

[2] http://www.balsas.lt/naujiena/508264/tvf-receptas-kovai-su-krize-apmokestinti-pensijas.
[3] http://www.socmin.lt/index.php?-515321384.
[4] http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=388869.

- to levy contributions to old-age pension from social insurance maternity, unemployment benefits;
- to calculate work incapacity pensions by an approach different from that of old-age pensions; to relate the amount with the percentage of lost capacity, and to change the rule of payment for working recipients;
- to abolish State pensions awarded for "merited" groups and professional groups (military and police officers, judges, scientists, artists); no more extension of the first group, and include the second group into regular social insurance (possibly with additional contributions).

The Concept divides the reform measures into two stages. The first stage of immediate measures foresees an increase of the retirement age (see below), and also rationalisation of the state pensions system (as was mentioned above, according to the proposition of the Concept, some "merited" pensions were abolished). In the second stage, like in the Guidelines, it is foreseen to change the calculation of pensions, to introduce a national pension, calculate work incapacity pensions by a different approach, levy contributions on maternity and unemployment benefits, and integrate professional state pensions into the insurance system.

Increase of retirement age. The Concept explicitly declares the need to increase the retirement age as from the year 2012 by four months per year for women and two months per year for men aiming to achieve 65 years for men and women in 2026. The Concept also makes references to the Lithuanian Convergence Programmes of the years 2005-2008 where the same promise was presented to the European Commission. The Concept also proposes to allow early retirement only from the age of 60 onwards (now it is allowed five years before the retirement age).

The Guidelines do not explicitly propose to increase the retirement age. Instead it is expected to encourage people to retire later by creating strong incentives. The Guidelines rather believe in flexible retirement age.

The proposition of the Government (Ministry of Social Security and Labour) to increase the retirement age according to the Concept was to be voted in Parliament in the autumn session, but the decision was postponed to the spring 2011 session due to coming local elections. Up until now, no final decision has been taken, but with high probability the Seimas will approve the proposal.

In line with the Guidelines, the Ministry of Social Security and Labour in April 2011 also announced that a system of bonuses will be introduced: people who retire above the official retirement age will be granted special bonuses. This system is also expected to be useful to establish a flexible retirement age: people should choose the age of retirement between 63-67 themselves.[5]

Guaranteed minimal income in pension age. The Guidelines do not explicitly address this issue taking for granted that proposed National pensions will solve the problem. The Concept explicitly declares, that "non-contributory assistance pensions should guarantee minimal income in old age"[6].

Debate on funded pensions. Both the Concept and the Guidelines pay special attention to the place and role of the funded part. The Guidelines declare as follows:

5 http://www.delfi.lt/news/daily/lithuania/nuo-2012-m-siuloma-velinti-pensini-amziu-subsidijuoti-dalyvavima-privaciuose-pensiju-fonduose.d?id=43436799.
6 The Concept of Social Insurance and Pensions System Reform., p.9.

- to define a higher contribution rate for the social insurance pension *(PAYG)* part than for the funded part;
- to increase the efficiency of pension funds, abolishing the deduction from contributions (as non efficient) and leaving only deduction from assets;
- to decrease the level of deductions from assets;
- to introduce a life cycle concept in order to decrease investment risks;
- to enhance the variety of benefits paid by funds (periodical payment, various types of annuities);
- to regulate the annuities, to ensure the possibility to choose an annuity provider;
- to establish a state "second pillar" pension fund at a Lithuanian Bank or the State Social Insurance Fund.

The Guidelines are much more advanced in changing the approach to pension funds. The Concept just declares the "optimisation of investment strategies according to the age of the participant", "connection of deductions for pension funds managers with efficiency of asset management" and "better regulation and more variety of benefits".

As a later document, the Guidelines express an increasing distrust of "second pillar" pension funds.

Impact of financial and economic crisis. The impact of the crisis is not much discussed neither in the Concept, nor in the Guidelines. The main measures forced by the crisis were taken by Government in 2009 (see asisp report 2010).

Receipt of EU support. The ruling coalition always declares that it was a success of their policy that in severe crisis no financial support from EU was needed.

2.2.3 Impact of EU social policies on the national level

The *EU Green Paper on Pensions* was discussed with the Council of the State Social Insurance Board, NGOs, the Tripartite Council, representatives of the Pension Funds and with the Securities Commission. Also, a questionnaire was placed on the web page of the Ministry of Social Security and Labour and people were invited to express their opinion (224 responses were received). The discussion about the Green Book was an occasion for various stakeholders to identify once more the problems of the Lithuanian pensions system with special attention to adequacy and sustainability issues. One of the most discussed issues was the increase of the retirement age proposed by Government. Social partners expressed the opinion that a more flexible approach to the retirement age is needed.

EU 2020 strategy impact on pension reform debates. The EU2020 strategy requires that countries should "fully deploy their social security and pension systems to ensure adequate income support and access to health care" (p. 18). From this point of view the reflection on the adequacy of pensions was once more encouraged.

National Reform Programme[7] *(NRP) and objectives of Annual Growth Survey*. An objective of the Annual Growth Survey to increase the retirement age is reflected in the NRP. In order to increase labour participation it is intended to "ensure that, starting from 2012, the retirement age is extended to 65 years by 2026 by adding four months annually to the retirement age in women and four months in men" (p.13). The linkage of the retirement age to life expectancy is not explicitly mentioned in the NRP, but recently it was also announced that

[7] http://www.ukmin.lt/en/strat_prog/europe2020/NRP_EN.pdf.

a system of bonuses will be introduced: people who retire above the official retirement age will be granted special bonuses. This system is also expected to be useful to establish a flexible retirement age: people should choose the age of retirement between 63-67 themselves.[8]

Reduction of early retirement schemes is also mentioned as an aim to "encourage pensioners to stay in the labour market longer by reforming the systems of early retirement and by introducing a system of income support which would guarantee a larger retirement pension for pensioners with longer service records" (p.13). The NRP also envisages the necessity to promote employment of older workers "as the ongoing decrease in the working age population will restrict the economy's potential and might threaten competitiveness and economic growth; for the near future it is necessary to retain older workers working" (p.13). It is also suggested to remove the obstacles for lifelong learning: "Labour market integration of older people and pre-pensioners is impeded by their low vocational mobility and insufficient adaptability to changes due to limited opportunities for lifelong learning" (p.13). Also the Strategy of Lifelong Learning is mentioned (pp.19, 26).

Support to the development of complementary private savings is not reflected in the NRP. In the past years, policies in the country have a tendency to go back from a funded to *PAYG* system, and this is probably the reason why the issue of private savings is omitted in the NRP. The savings of this kind (the so-called "third pillar") are not very popular in Lithuania and are crowded out by the "second pillar". According to the data of the Securities Commission[9], at the end of 2010 "third pillar" pension funds had 24,000 participants (2.3% in comparison with the number of "second pillar" participants) and accumulated 100 million LTL (29 million EUR) or 2.6% in comparison with "second pillar" assets. These figures witness that private savings funds are currently not used as an important measure to increase future pensions.

No measures of the NRP undermine long-term sustainability and adequacy of public finances. It should be noted that political decisions – a considerable increase in pensions and maternity benefits – were taken before the economic recession (and before elections in autumn 2008) and were based on the expectation of continuous and high economic growth. As a result, the reserve of social insurance fund was exhausted, and in the circumstances of severe crisis the reduction of pensions was unavoidable. Due to political reasons the reduction of pensions was delayed, and an additional huge deficit of the social insurance fund was created, but no political advantage achieved. Now it is being promised by the Government to return to the previous status quo by the year 2012 and to repay to all retirees the non-paid in two years (2010-2011) part of pensions. It seems that without undermining sustainability, it will be possible to realise only one of these promises (if at all), but not both of them.

Year 2012 of active ageing. There are no published planned activities for the year 2012 of active ageing. The Ministry of Social Security and Labour is just beginning the preparatory work.

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

2.2.4 Impact assessment

When the Government approved the Concept of Social Insurance and Pensions System Reform (see 2.1.2) it empowered the Ministry of Social Security and Labour to establish a

[8] http://www.delfi.lt/news/daily/lithuania/nuo-2012-m-siuloma-velinti-pensini-amziu-subsidijuoti-dalyvavima-privaciuose-pensiju-fonduose.d?id=43436799.

[9] http://www.vpk.lt/new/documents/3per cent20pakopaper cent20uzper cent202010per cent20IVper cent20irper cent20metus.pdf.

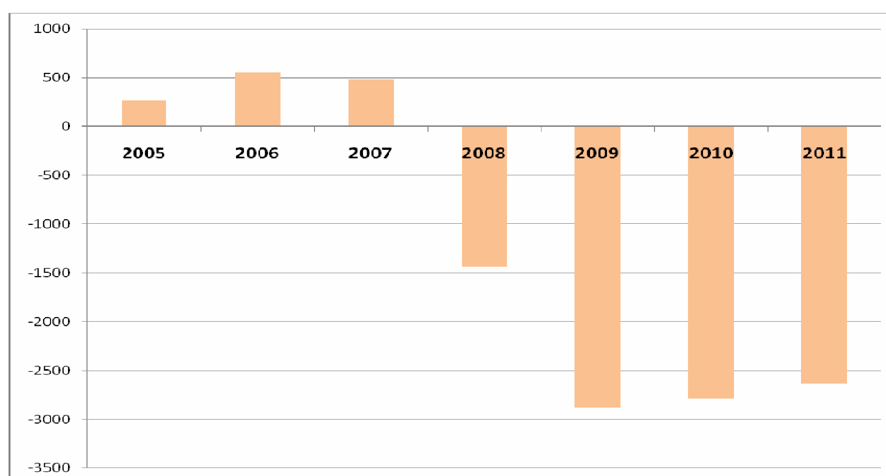
Work Group for the drafting of measures for the implementation of the second stage of the reform (as this stage was approved in the Concept). The Work Group was established in July 2010. The representatives of relevant institutions and independent experts were included as members. The Group produced their Report in early 2011 (hereafter referred to as Work Group Report; until now it has not been published). In April 2011, the Ministry of Social Security and Labour announced that the plan of reform measures is being drafted (based on the findings of the Work Group Report and also until now not published)[10]. As the main documents have not been published, further discussion in this section is based on numerous interviews with stakeholders, political party and social partners opinions, mass media and research reports.

Financial sustainability and adequacy of the system. Replacement rates.

Financial problems of the pension system may be divided into current and long-term. The current deficit of the social insurance system arose mainly due to the crisis and the generous increase of pensions and especially maternity benefits before the crisis. The yearly surplus/deficit of the State Social Insurance Fund is presented in Figure 1.

The immediate question to be answered is as follows: who will pay huge loans taken by the Government in order to cover current social insurance expenditures? The full loan of the Social Insurance Fund at the end of 2010 was 5,688 million LTL (6% of GDP), of which 4,580 million have been borrowed from the Ministry of Finance. The Ministry of Finance suggests that the Social Insurance Fund must in the coming years of recovery and until the year 2020 pay the debt, at an interest rate of 4.9%. Current revenues should be used for this purpose.[11] Opposition Social Democrats as well as the Labour Party insist that the State must bear the full or at least main part of the debt.[12]

Figure 1: State Social Insurance Fund surplus/deficit (million LTL)



Source: State Social Insurance Fund data

The second set of questions is how to stop the sinking Social Insurance Fund into deeper and deeper deficit? How to change pension policy in order to avoid in the future unsound political decisions aiming to increase benefits above financial possibilities? What financial safety measures should be taken to ensure the solvency of the Social Insurance Fund in possible

[10] http://www.lzinios.lt/lt/2011-03-24/verslas/parengtas_sodros_gelbejimo_planas.html.
[11] http://www.diena.lt/naujienos/ekonomika/i-simonyte-gelbejant-sodra-reikia-spresti-mazo-gimstamumo-ir-senejimo-problemas-321919.
[12] http://www.delfi.lt/news/ringas/politics/abutkevicius-sodros-reformos-kertinis-akmuo-biudzeto-subalansavimas.d?id=44869507.

future recessions? Questions of this kind are raised almost every day in mass media in numerous discussions with politicians, social partners, experts and other people.

The Guidelines (see 2.1.2) propose the following measures to solve these problems:

- follow the rule that the deficit of the Social Insurance Fund must be covered by the State if a reason of this deficit is the extension of benefits by legal acts with no appropriate raising of contributions rate;
- the loan in such cases should not be taken by Sodra itself, as well as interest should not be paid by the institution;
- the rules for the creation and the use of the reserves of the Social Insurance Fund should be approved and strictly followed.

It should be noted that all three measures are existing in the current Law on State Social Insurance (Art. 20 and Art. 27), but were not applied.

It is also important to point out that the Guidelines contradict the opinion of the Ministry of Finance as expressed above: the state, not the Fund itself must pay the debt.

One more short or medium-term financial problem arises from the question whether the amount of pensions non-paid in the years 2010-2011 (due to the temporary reduction of pensions) should be repaid in coming years? The Old People Association argued[13] that a pension is a property, and that the decision to decrease it were a violation of property right. As a consequence, they appealed to the Constitutional Court. In April 2010, the Court ruled that decreased pensions should be reimbursed during a "reasonable time"[14]. Some of the national pension experts[15] pointed out that a decrease of pensions is not relevant when pensions are so small and the replacement rate is low. The President urgently required that Government must take the obligation to reimburse the difference in the later years. Finally, the Government was forced to take this obligation because it was not able to persuade society to respect the logic of a *PAYG* contributory system: the better the situation of the working population, the better the situation of the retired and *vice versa*.

On 1 July 2010, the Government approved the Concept of Compensation of Reduced Pensions[16]. According to this document, lump sums will not be paid. First of all, the value of pensions from the year before the reduction will be restored (now it has been definitely promised to do so from the year 2012). At a time when the financial situation will allow the pensions for those who lost pension invome in the years 2010-2011 will be gradually increased and after five years (from the beginning of he process) will be by 5% higher than in the year 2008. It is expected that due to this approach in five to seven years all losses will be reimbursed.

With no doubt these decisions aggravate the short and medium-term financial situation of the Social Insurance Fund and create additional intercohortal inequity between those who retired before and after the crisis. There were no essential discussions concerning this compensation rule in the country, but negative opinions for the compensation as a principle were expressed.[17]

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[13] http://www.lprofsajungos.lt/?lang=lt&mID=1&id=3210.

[14] Lietuvos Respublikos Konstitucinis Teismas. Sprendimas dėl Konstitucinio Teismo aktų nuostatų, susijusių su pensijų ir atlyginimų mažinimu per ekonomikos krizę, išaiškinimo. 2010-04-20. www.lrkt.lt.

[15] http://www.delfi.lt/news/daily/lithuania/idejos-sodros-pertvarkai-daugiau-mokanciu-mokescius-neigaliuju-perziura-nemoketi-pensiju-gerai-uzdirbantiems.d?id=27482327.

[16] http://www.lrvk.lt/bylos/Teises_aktai/2010/07/15798.doc.

[17] T.Medaiskis. Ar teisėta recesijos metu mažinti socialinio draudimo pensijas? Ekonomisto požiūris. In : Darbo rinka XXI amžiuje : lankstumo ir saugumo paieškos. 2011, Vilnius, p.570-580.

Coming to long-term financial sustainability problems the most important one is a problem of ageing. The Work Group Report focuses on this issue.

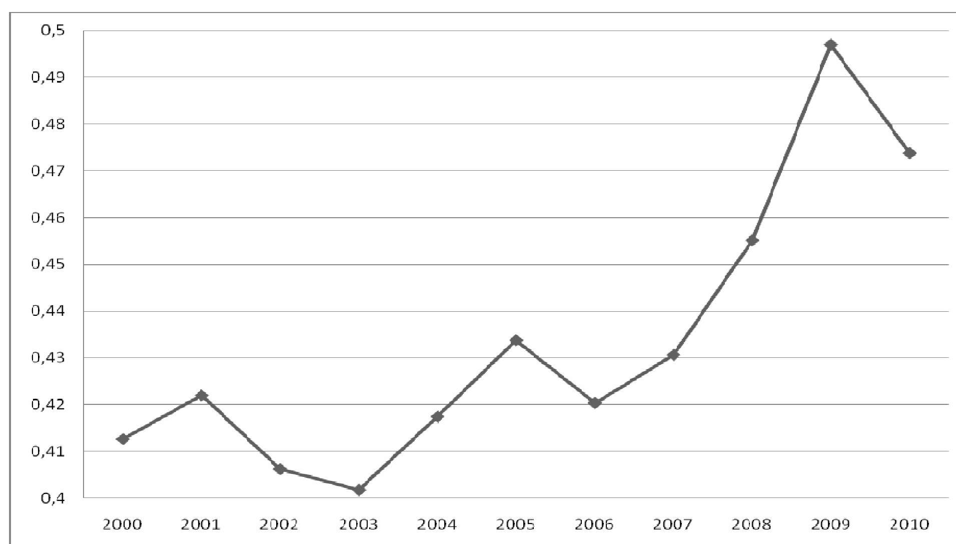
The Report analyses five possible scenarios of the reform. The main aims of the reform are:

- to keep the current replacement rate – average pension equal to 40% of average gross wage;
- to keep the current percentage of pension expenditure related to GDP.

The Work Group Report states that without reform, in 2050 the gross replacement rate would fall to the levels of 26% from the *PAYG* system plus 4% from the funded part and expenditures for pension system would increase from the current 8% of GDP to 9.8% of GDP.

The current net replacement rate is shown in Figure 2 (the net replacement rate is used in the chart because a comparison with net value reflects the replacement better than with the gross one due to the fact that pensions are not taxed). The extensive growth of the past years is explained by the increase of pensions and a fall of wages.

Figure 2: Average net replacement rate (average pension to average net wage)



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

From all five scenarios presented in the Work Group Report, the one based on the following assumptions appears most acceptable:

- basic pensions are moved to state budget. The full basic pension is paid only for beneficiaries whose sum of earnings-related and funded parts of pension is below a certain threshold. The larger the earnings-related part - the smaller the part of basic pensions paid;
- the contribution rate into the funded system returns to a level of 5.5% (as before the recession), but 50% of the amount paid into pension funds is paid back to the social insurance system by the state;
- the retirement age is gradually increased to 65 years;
- pensions are indexed: 80% by growth of wages and 20% by price index.

In this case the gross replacement rate in 2050 would be 26% from the *PAYG* part, 11% from the funded part, and 2% from the basic part, in total 39%. Pension expenditures remain at the level of around 8% of GDP and are balanced.

As it was mentioned before, it seems that the Ministry of Social Security and Labour takes this scenario as a basis for their planning of reform measures, whilst revising the contribution rate to the funded system. Until now, there were no essential discussions with a wider audience on this issue (draft plan has not been published).

Increase of retirement age and market participation of the elderly

The increase of the retirement age is not being discussed for the first time (see also Lithuanian asisp Report 2010). Many arguments are presented to support or refuse this proposition. Social democrats in principle agree with the proposal, but argue that the Government is not properly prepared because it failed to prepare policy measures to promote the employment of older persons.[18] Labour party representatives also expressed disagreement and argued that if the elderly worked longer they would not leave work places for younger persons and thus force them to emigrate.[19] Trade unions also opposed to the idea argumenting that this measure may increase unemployment.[20] Employers argue that the productivity of older persons is lower, so the government should subsidise employers who employ older workers. The Free Market Institute sees the increase of the retirement age as a hidden way to increase taxation and to rescue the outdated and bankrupt (in their opinion) *PAYG* system.[21]

According to the survey carried out by Kaunas Technology University between December 2010 and January 2011, 40% of respondents disagree, and an additional 45% strongly disagree with the propositions to increase the retirement age.[22]

Despite such big variety of opinions most political parties, social partners and other stakeholders understand the necessity of this measure, and a positive decision of the Seimas is expected in its spring session 2011.

[18] http://www.delfi.lt/news/ringas/politics/vblinkeviciute-reformu-reformavimas-nesa-nuostolius.d?id=45113475.
[19] http://www.delfi.lt/news/daily/lithuania/vbaltraitiene-pensinio-amziaus-velinimas-gali-paskatinti-emigracija.d?id=45068179.
[20] http://www.lpsk.lt/?lang=lt&mID=3&id=3373.
[21] http://www.lrinka.lt/index.php/meniu/ziniasklaidai/straipsniai_ir_komentarai/pay_as_you_go_pensiju_sistemos_europoje_problemos_ir_pertvarkos/5801;from_topic_id;34.
[22] http://www.lpsk.lt/?lang=lt&mID=3&id=3374.

Lithuania has a relatively high employment rate of older persons, much above EU average (i.e. 46%, whilst 51.6% in 2009 in the group aged 55-64 in the case of Lithuania). This is an argument supporting the gradual increase of the retirement age (see Table 1).

Table 1: Employment by age

Number of employed	2007	2008	2009
Employed aged 15-64 (thousands)	1534.2	1520.0	1415.9
Employed aged 55-64 (thousands)	188.0	185.8	180.3
Employed aged 65+ (thousands)	28.4	29.8	28.3
Employment rate			
Employment aged 15-64 (as percentage)	64.9	64.3	60.1
Employment rate aged 55-64 (as percentage)	53.4	53.1	51.6
Employment aged 65+ (as percentage)	5.4	5.6	5.3

Source: Darbo jėga, užimtumas ir nedarbas. Labour force, employment and unemployment 2009. Department of Statistics, Vilnius, 2010

The table also shows that the rate of employment of older persons in the year of the deepest crisis decreased less than the total indicator.

The design of the system and calculation of pensions

One of the discussed questions of the pension reform is the proposed redesign of the calculation and financing of pensions. Is it rational to change the source of financing of basic pensions? As it was mentioned above, basic pensions should be moved from the Social Insurance Fund to the state budget (general taxation). Pension policy re-orientation here is clear: as a consequence of this decision the entitlement to a basic pension will not be contribution-based; a basic pension will be paid as an assistance part for those who earned insufficient insurance rights. This proposition is promoted by the Ministry of Social Security and Labour. The Ministry of Finance is rather reluctant because of the difficulties involved in a rearrangement of financial sources.

When this idea was first announced, the reaction was that this meant no particular effort, just taking the same money from another pocket.[23] Later, arguments were brought forward that this proposition helps to bring down the pension contribution rate and, as a consequence, leading to lower direct labour costs. Nowadays, this argument is not being repeated any more, because the current contribution rate is needed to cover the costs of paying all Social Insurance Fund debts (see above). This proposition is seen as a measure to ensure a clearer and stronger relation between contributions and benefits.

The reform planning was an additional reason to discuss the way of calculating pensions. It is not just a question of the pension formula, but is strongly connected with adequacy and financial sustainability of the pension system. The main discussion on this topic is focused on the issue whether Lithuania should introduce a NDC (Notional Defined Contribution) system, or whether the current system (now it is similar to a "points" system) should be made more transparent and sound, and adapted to the advantages of the NDC system, whilst sticking to the "points" approach. The discussion on this topic has been initiated by experts (Bank of Lithuania, Vilnius University). The advantages and disadvantages of NDC and "points"

[23] http://www.delfi.lt/news/daily/lithuania/emasiulis-is-biudzeto-moketi-visas-bazines-pensijas-butu-per-daug-neatsakinga.d?id=36042397.

systems are discussed in the Work Group Report. Ten members (out of fifteen) of the Work Group voted for the "point" system, two for NDC, others stated, that there are more important questions to discuss. The Ministry of Social Security and Labour supports the "points" approach as closer to the current system, more flexible and sustainable, avoiding intercohortal inequality as well as easier to implement.[24]

The role of private pillar

One more intensively discussed topic is the role of the funded pillar of the pension system. Lithuania, in line with most eastern EU countries, rethinks the reform which introduced the "second pillar" pension funds. Despite the improvement of the financial situation of the pension funds the opinion that they failed becomes more and more widespread. It was recently argued, that participants of the "second pillar" pension funds lost more in the *PAYG* system than they earned in pension funds.[25]

Recently, the Lithuanian Centre of Social Research presented research results concerning pension funds performance (not published yet). It assessed that *PAYG* pensions would be by 17-19% in nominal terms higher in the year 2008 if no deductions to the "second pillar" had been made. But a further conclusion is that a deducted sum of above 3 billion LTL would considerably increase the inflation rate, and the real value of pensions would be more or less the same. So, the transfer of excessive financial resources into personal savings saved the economy from overheating. It should also be added that due to this transfer the liabilities of the *PAYG* system at the beginning of recession were lower by 3 billion LTL.

Another problem with the pension funds is that the most of their members have chosen an inappropriate fund to participate in: young people have chosen too conservative pension funds, older participants and participants of pre-pensionable age have chosen to invest their pension contributions too aggressively. In both cases risk is imminent: young pension fund members risk to accumulate less means than they could, older ones risk to loose their savings due to fluctuation on markets.

The results of the performance of the second pillar pension funds are presented in Table 2. The essential slump in 2008 has not been recouped until now.

When the contribution rate to the funded system was reduced from 5.5% to 2% it was promised by the Government that the contribution rate be restored to the 5.5% level in 2011, and even an increase in the years after the recession in order to reimburse lost income. In June 2010, the Seimas decided to leave the contribution rate at a 2% level for good. The Ministry of Social Security and Labour even expressed the opinion that it was a "mistake" to finance the funded pillar partly through social insurance contributions (as it was decided in a reform of 2003-2004)[26].

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[24] http://www.delfi.lt/news/ringas/politics/abitinas-pensiju-sistemos-reforma-kur-slypi-esme.d?id=42418567.

[25] http://verslas.delfi.lt/business/pensiju-fondu-prieaugi-suvalgo-infliacija.d?id=41354125.

[26] http://www.delfi.lt/news/daily/lithuania/sadm-viceministras-kurti-privacius-pensiju-fondus-sodros-saskaita-buvo-neteisinga.d?id=42713707.

Table 2: The growth of value of unit of pension funds (per cent per year).

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

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

There is no agreement on this issue in the ruling coalition. Some liberal ministers (liberal parties are in the ruling coalition) insist on a restoration of the former contribution rate, but the Conservative Party chairman of the Social Affairs and Labour Committee proposes to stick with 2%.[27] This position also meets with resistance from the pension funds side as well as from the organisation of pension funds participants who claim not only to restore the former contribution rate, but also to pay them back the money that was not paid in the period from 2009 until now. They appealed to the Constitutional Court on this issue.[28] The Free Market Institute also expressed strongly their negative opinion on the reduction of the scale of the funded system and continues to insist on the idea of replacing the *PAYG* system with a funded one.[29]

In this situation the Ministry of Social Security and Labour looks for other possible solutions. Recently (April 2011), it was announced that the Government discusses to propose several options for "second pillar" fund participants. The first options would be to stay in the pension fund with a 2% contribution. The second – to return to the *PAYG* social insurance system. The third option is to pay voluntarily 2% of one's income into the pension fund. Then 2 percentage points will be deducted from social insurance contributions (as it is now), and, additionally, 2% of the average wage in the country will be paid on behalf of the participant into his/her pension fund by the state.[30]

In order to solve the problem of improper choice of pension fund by participants, the Securities Commission has proposed changes to the current system by launching life cycle funds. Such a model could be helpful for those participants who are not interested in their investments or have insufficient knowledge in finances. Moreover, such a model would relocate more responsibility and risk of investment from the participants' shoulders on pension fund managers.

Another initiative of the Securities Commission and the Ministry of Social Security and Labour is to propose amendments of the Law on Pensions Accumulation providing changes in

[27] http://www.alfa.lt/straipsnis/10462680/?Masiulis..imokas.i.pensiju.fondus.reikia.kuo.greiciau.grazinti.i.prieskrizini.lygi=2011-01-24_15-38.

[28] http://www.balsas.lt/naujiena/511203/konstitucinis-teismas-spres-ar-teisetai-sumazintos-imokos-i-pensiju-fondus-video.

[29] http://www.lrinka.lt/index.php/meniu/ziniasklaidai/straipsniai_ir_komentarai/ikalinti_sodros_piramideje/6013;from_topic_id;34.

[30] http://www.delfi.lt/news/daily/lithuania/siuloma-1-metus-leisti-pasitraukti-is-privaciu-pensiju-fondu.d?id=44824711.

the structure of fees and their size. Today the administrative costs of pension funds are evaluated as too high. It is proposed to abolish gradually contribution fees and reduce assets fees to 0.5% for conservative pension funds and to 0.8% in other funds.

2.2.5 Critical assessment of reforms, discussions and research carried out

The year 2010 and the beginning of 2011 was not the time of essential reforms in the pensions system. In this period, most attention was paid to the discussions what reforms were needed and how the future pension system should be designed.

As positive propositions may be evaluated the proposal to clarify the distinction of social insurance and social assistance in the pension system by making flatrate basic pension non-contributory and enhancing in this way a stronger relation between contributions and social insurance *(PAYG)* pensions benefits. Another positive proposition is to introduce clear and transparent rules for the indexation of pensions (presently no rule exists at all). This rule is definitely needed in order to preserve financial sustainability and reliance of the pensions system. As an important and useful proposition should be evaluated the requirement to maintain the social insurance reserve fund and to introduce strict rules of its management. Last but not least, progress in the discussion on the increase of the retirement age has been achieved and this important and necessary decision will probably finally be taken.

Most dangerous for the sustainability of the pensions system and even more for the adequacy of future benefits is a requirement that the Social Insurance Fund until the year 2020 should pay back the 6 billion LTL debt plus interest. This requirement violates the current law (Article 20 of the Law on Social Insurance stipulates that the state is obliged to contribute if as a result of adopted laws Social Insurance Fund expenditures increase while social insurance contribution rates remain unchanged). If this approach will be followed, pensions will be frozen for a long time. Bearing in mind that wages and prices will rise and the level of pension benefits is insufficient today, this entails severe inadequacy of pensions and increasing poverty of retirees.

Another dangerous idea for the pensions system is a requirement to pay back non-paid amounts in the years 2010-2011 (by the Constitutional Court treated as a "property" of retirees). Firstly, the argument that *PAYG* pension is a property seems misguided. In a *PAYG* system the amount of pension depends on the income of the working generation: If there are less people working, with smaller wages, the pensions are smaller and *vice versa*. If this principle is refused, then the increase of pensions in line with the increase of wages should also be refused, and the gap of quality of life of older retirees and the working generation will become bigger year by year and inequity between generations and between cohorts of retirees will increase. Secondly, the intercohortal inequity is programmed in the approach chosen by the Government. People who will retire after the crisis will receive less because their money will be directed as "compensations" to a much larger number of retirees before the crisis. This again means severe inadequacy of pensions, discrimination by age and increasing poverty of younger retirees.

The issues of poverty and adequacy of pensions are not sufficiently addressed in the reform documents. The aim to preserve the replacement rate at the level of 40% of gross wage is not evaluated from the point of view of adequacy. This replacement rate is taken for granted despite the fact that it is too low. Economists have argued many times that this level is insufficient[31] due to the contribution avoidance in the shadow economy.[32]

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31 http://verslas.delfi.lt/business/rlazutka-padori-pensija-70-proc-vidutinio-atlyginimo.d?id=44556333.

32 http://www.delfi.lt/news/daily/lithuania/rkuodis-musu-ekonomika-nebudavo-tokia-prasta-kokios-mazos-budavo-pensijos.d?id=43480269.

It also seems that more attention to gender issues should be paid in the NRP having in mind the data presented in Table 2.1.5.1. Analysis of the data shows that the share of the population at risk of poverty has consistently decreased since the year 2005 (with a slight increase in 2009 due to the recession). The risk of poverty of the population above 65 years of age decreases as well, but remains higher than the average. What should be especially noticed, the risk of poverty of the male population above 65 years is lower than the country average, and much higher in women. That means that measures of pension policy should pay more attention to gender issues.

Table 3: Population at risk of poverty or social exclusion by age and gender (as percentage)

	2009	2008	2007	2006	2005
Total	29.5	27.6	28.7	35.9	41.0
65+	35.8	38.1	39.1	41.3	46.1
Male 65+	23.4	25.8	26.0	27.5	34.6
Female 65+	42.2	44.4	45.9	48.4	52.0

Source: *http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database*.

The level of pension benefits is very important in order to achieve the goal of poverty reduction. According to Eurostat's forecast, the share of the Lithuanian population aged above 65 years will increase from currently 16% to 17.6% in 2020 and to almost 30% by 2050.[33] If the pension level remain as low as it is nowadays, a reduction of poverty will be difficult to achieve (Table 3 displays the influence of the risk of poverty in old age to the total indicator).

Another insufficiently addressed problem in the reform documents is emigration. Preliminary data of the population census show that it is doubtful for the country's population to exceed 3 million. This seriously aggravates the financial situation of the pension system because it looses contributors, and the number of beneficiaries will increase when post-war baby boomers retire.

2.3 Health Care

2.3.1 The system's characteristics and reforms

In 2010, the Ministry of Health in Lithuania had to implement three strategic goals: to create a reliable and effective health care system by reorganising health care institutions, to endeavour safe, qualitative and accessible health care for patients, to protect and strengthen public health.

Lithuania's health care system is designed according to the basic principles common to European cultures. It is set by the mixed health care financing and organisation system consisting of statutory compulsory health insurance, budget allocations and direct payments of patients. The system provides personal health care, public health and pharmaceutical activities for the whole population by the means described in the Law on the Health Care System.[34] Universal access to basic medical services is granted to the whole population and has been mostly financed according to a solidarity-based scheme of statutory health insurance since 1997. It provides the possibility for the insured to receive individual health care services financed by the State Health Insurance Fund (SHIF) budget, namely, primary outpatient,

[33] Demographic Yearbook, 2009. Department of Statistics. Vilnius, 2010.

[34] Law on the Health Care System, 12/01/1998 I-552 (note: this link works only if copied into your browser window): http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_e?p_id=82095&p_query=&p_tr2=.

specialised outpatient, and inpatient health care, first aid and emergencies, nursing care, palliative treatment, expensive tests and procedures, medical rehabilitation, spa treatment, and other services. Funds from the SHIF, which are managed by the State Patient Fund (SPF), are also used to compensate for expenditures related to the acquisition of reimbursable medicines, medical aids and orthopaedic equipment. Moreover, the SHIF budget finances health programmes that are important for the residents: health care in schools, children's teeth (molar) sealing services, prevention of oncological diseases (cervical cancer, breast, prostate, colon cancer, etc.), prevention of cardiovascular diseases and diabetes. These preventive programmes help to diagnose diseases at an early stage and increase the probability of recovery. Participation in the governmental health insurance scheme is mandatory for the inhabitants of Lithuania. Therefore, essential health care services are free, but some tests, specific treatments, and most of the prescribed medicines must be paid for (unless they are partly or fully covered by health insurance[35]).

From the outset in 1997, health insurance funding had been raised according to a mixed model: the first part - about 50% of health insurance funds - came from general income tax (30% of the tax was allocated to health insurance); the second part - 3% - of a payroll tax, and the third part – the contributions from the state budget for pensioners, unemployed and children - contributes for the residual part. On 1 January 2009, this model was modified: Special health insurance contributions at the level of 6% of payroll replaced the allocations from general income tax. This change means that about 75% of statutory health insurance revenues are generated through health insurance contributions, and 25% through contributions from the state budget and direct payments of self-employed people. The relative increase of importance of health insurance means that the system is moving closer to the Bismarckian model, but certain differences between the two will remain:

- The statutory health insurance fund in Lithuania is a semi autonomous state monopoly under the Ministry of Health (MOH) referred to as the State Health Insurance Fund (SHIF);
- Contributions, benefit packages, price providers are fixed by law or state authorities;
- Formulas to assure regional equality in funds distribution to regional branches of SHIF are in place.[36]

In fact, after the recent legislation amendments imposing fines for failure to pay compulsory monthly health insurance premiums,[37] this type of insurance has become universal. So far, the statutory compulsory health insurance scheme has been in balance during the period of financial and economic crisis.

Although private health care providers do exist, private health insurance for individuals is difficult due to high insurance fees. Mostly foreign companies use private health insurance for their employees. Health care providers include state-managed providers, general public providers under municipal governments, and private providers either offer services under the contract with the SHIF or provide them to those who can pay the full fees themselves. Private providers generally have capabilities to provide services of a better quality and offer treatments that are not available in state-funded health care institutions.

[35] State Patient Fund, "What you should know about compensated drugs", 12 November 2010. Available at: http://www.vlk.lt/vlk/pr/?page=item&kat_id=1&date=2010-11-12&item_id=1839 [Accessed 23 April 2011].

[36] European association of hospitals, http://www.eahm.eu.org/page/show/slug/lt-healthcare, accessed on 15 April 2011

[37] Art. 19 Seimas of the Republic of Lithuania, 1996. "Law On Health Insurance", 21 May 1996, No. I-1343 (as amended on 9 November 2010 No. XI-1103, retrieved on 23 April 2011.

2.3.2 Debates and political discourse

In 2009, the Outline for Reorganisation of the Lithuanian Health Care System was designed, establishing the key directions for a reorganisation of the Lithuanian health care system. The Government greenlighted the programme for the third stage of the Restructuring of Health Care Institutions and Services, which anticipated the distribution of inpatient institutions into three levels - local, regional and national - each providing a set range of services without duplication of functions.[38] The network of inpatient institutions and the structure of supply of health services was optimised for the implementation of the programme in 2010. Savings were channeled into the development of outpatient level family doctors and specialist consultants. According to the specific activities of the implementation plan of this programme and the Plan of Measures for the Implementation of the Third Stage of the Restructuring of Health Care Institutions and Services approved by the Order No. V-1114 of the Minister for Health of the Republic of Lithuania as of 30 December 2009,[39] as many as 16 health care institutions were merged into bigger hospitals. In 2010, 65 hospitals out of 81 remained. Major debates were in the media and in the Parliament due to those changes.

A pilot project of an international personal health care service classification system (DRG – diagnosis-related groups) was introduced in 2010. The implementation of the system is planned to be completed in 2011. It is expected that the DRG system should ensure a fairer compensation for inpatient health services as well as safe and high quality services. Training courses and presentations of the DRG system took place throuhout the year.

In the area of pharmaceutical policy it was attempted to achieve a reduction of prices of pharmaceutical products and improve their accessibility for residents. With that in mind, the Plan of Instruments for the Improvement of Accessibility of Pharmaceutical Products and Reduction of Prices was designed and approved by the Order No. V-572 of the Minister for Health of the Republic of Lithuania as of 10th July 2009.[40] The Plan covered all issues pertaining to the production, sale and prescription of pharmaceutical products. Moreover, legal acts were amended in relation to pharmaceutical activities in pharmacies to ensure rational consumption of pharmaceutical products and improve the quality of pharmaceutical services. Other amendments concerned reimbursement and price formation as regards reimbursable pharmaceutical products and reimbursable medical aids; supply of pharmaceuticals to the market, paying special attention to the regulation of progressive therapies; improvement of conditions for issuance of marketing authorisations as well as simplified registration procedures. The procedure for grouping of pharmaceutical products was amended providing a possibility to group them bearing a different generic name but of similar therapeutic effect; besides, a new procedure for the estimation of prices for generic pharmaceutical products was established. Price criteria were validated for medications to be included into the group comprised of generic name bearing pharmaceutical products produced by more than three manufacturers. A procedure for the estimation of basic prices for parallel imports of pharmaceutical products was introduced. Information about pharmaceutical products to the population was improved both in drug stores and on the web page of the State

[38] Resolution No. 1654 of the Government of the Republic of Lithuania as of 7 December 2009 on the Programme of the Third Stage of Restructuring of Health Care Institutions and Services (*Official Gazette Valstybės Žinios*, 2009, No. 150-6713), retrieved 15 April 2011

[39] Ministry of Health of the Republic of Lithuania, Operating Report for 2009: http://www.sam.lt/go.php/sveikatos_prieziuros_reforma, retrieved on 20 April 2011.

[40] Plan of Instruments for Improvement of Accessibility of Pharmaceutical Products and Reduction of Prices, Order No. V-572 of the Minister for Health of the Republic of Lithuania as of 10 July 2009, http://www.sam.lt/go.php/sveikatos_prieziuros_reforma, retrieved on 15 April 2011.

Medicines Control Agency.[41] These measures allowed for a reduction of prices of pharmaceuticals by 10%; expenditures of SHIF for pharmaceuticals decreased by 8.3% (comparing 2009 and 2010), patients' co-payments for pharmaceuticals were reduced by 23%.[42]

In 2010, there were 13,145 doctors practising in Lithuania (40.5 per 10,000 inhabitants). Though the rate of doctors is quite high, inequalities in the numbers of medical staff in the country, especially shortages of doctors in rural areas are still a problem. There was no major discussion about this problem in 2010.

The programme for the development of e-Health for 2009-2015 and the implementation plan was approved by the Ministry of Health in 2010.[43]

2.3.3 Impact of EU social policies on the national level

The Social OMC has not very much affected the policy of health care in the country. The website of the Ministry of Health apparently does not provide any information on either Social OMC or the NSR. The understanding of the Social OMC is currently poor among politicians. The whole Social OMC process fails to catch serious media attention. Academic research conducted by political scientists gives the most detailed account of the implementation of the Social OMC.[44] The circle of people familiar with Social OMC is limited. Stakeholders who are related to social policy are more informed about it, but even among them the Lithuanian NSR is better known than the Social OMC as the connection between the two is not always understood. Neither the NSR nor the EC documents and studies related to the Social OMC process are widely popular among the stakeholders. Social OMC ideas as social inclusion, child poverty and child well-being, reform of pension systems are aiming to balance three objectives: access to pensions, adequacy of incomes and financial sustainability; flexicurity is rather associated with the activities and responsibilities of the Ministry of Social Security and Labour. Access to health care, addressing health inequalities, ensuring quality of health services and long-term sustainability of the health care system, indicators for healthy life years fall under the responsibility of the Ministry of Health.

The population strongly supports EU membership. There is no doubt that the concept of social inclusion/exclusion is the most well-known in Lithuania and relative poverty indicators have found their way into the official discourse. On the other hand, there is a need to reform health care and pension systems, and the Social OMC helps to strengthen the conceptual background of deliberations.

2.3.4 Impact assessment

Health care reform is an ongoing process in Lithuania and the problems of the system are well-known both to patients and medical staff: long waiting lists, additional charges and informal payments despite compulsory health insurance, low wages of the staff, immense workloads, insufficient attention to public health and unhealthy lifestyle, poor health

[41] Web page of State Medicines control agency: http://www.vvkt.lt/index.php?3273315338, retrieved on 15 April 2011.

[42] Operational Report of the Ministry of Health of 2010: http://www.sam.lt/go.php/ataskaitos, retrieved on 20 April 2011.

[43] Programme for development of e-Health for 2009-2015. Order of the Ministry of Health, 22 February 2010 No V-570. http://tar.tic.lt/Default.aspx?id=2&item=results&aktoid=D9AE3643-2468-4EF7-9F21-0D6DC6D16C9C.

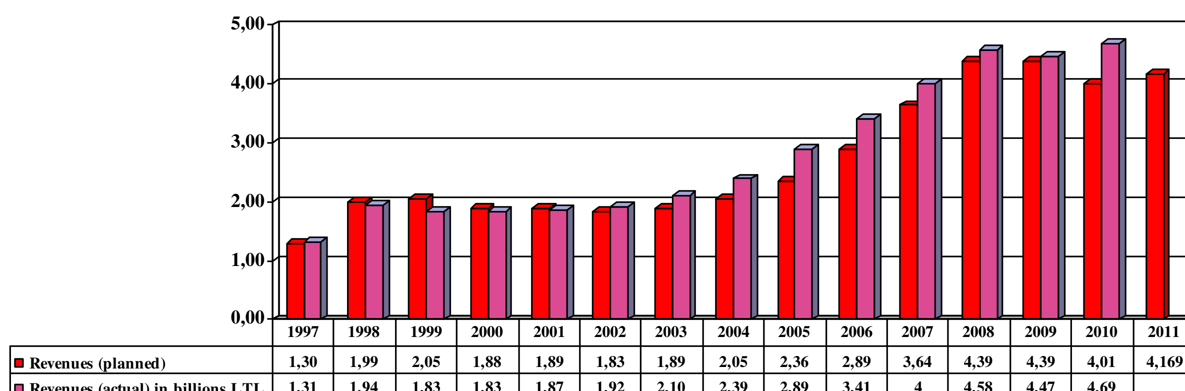
[44] Nakrošis, Vitalis, *Implementation of the European Union Lisbon Strategy in Lithuania: analysis of the use of Open Coordination Method* [in Lithuanian]. Vilnius: Vilniaus universiteto leidykla, 2008 (includes an article on social inclusion policy process).

indicators of the population, lack of a prophylactic system, etc. Most of these problems are related to the lifestyle of the population and inefficient resource management of health care, and also to the lack of a strategic approach.[45] The problems and the reasons for them were evaluated and synthesised in 2010 in the strategic document "Outline of further health system development until 2015", which was approved by the Lithuanian Government on 26 January 2011.[46] The vision of the system and the means how to achieve the goals are described in this document. The National health programme, accepted by the Parliament in 1998, has ended in 2010. External and internal evaluation of the programme is taking place throughout 2011 and the new programme will be proposed for the next decade.

The national health account was 6,931.5 million LTL and it constituted 7.6% of GDP in 2009 (5.6% of GDP public expenditures and 2.0% private). In comparison, in 2008 the national health care account was 7,395.9 million LTL and it made 6.6% of GDP (4.8% were public and 1.8% private expenditures).[47] This decrease was due to the financial and economic crisis and a general drop of GDP.

Revenues of SHIF were 4,690.248 million LTL or 1,358 million EUR in 2010 (330 million LTL were kept in the reserve fund and 355 million LTL more than planned were received) (Figure 3).[48] Due to the improving financial situation of the SHIF expenditures for all types of personal health care services were increased establishing the point value of basic prices from 0.84 LTL to 0.89 LTL since October 2010. Since June 2011, the point value of basic prices for inpatient care is to increase to 0.92 LTL, for primary care to 0.97 LTL.

Figure 3: Revenues of the State Health Insurance Fund budget in 1997-2010



Source: State health insurance fund, 2011
http://www.vlk.lt/vlk/files/2011/veikla/2010_VLK_veiklos_ataskaita.pdf , P.8.

One of the major challenges of the Lithuanian health care system is the payment of illegal fees to the medical staff. A system of informal payments to doctors and nurses prevails also in public hospitals and ambulatory clinics. Patients believe that informal payments ensure 'better treatment'. According to a representative survey of the State Patient Fund in 2009 and 2010

45 D. Jankauskienė, Development of Health Policy and It's Further Perspectives in Lithuania. Regnum est. Monograph. Mykolas Romeris University Press, 2010. pp. 845-866.

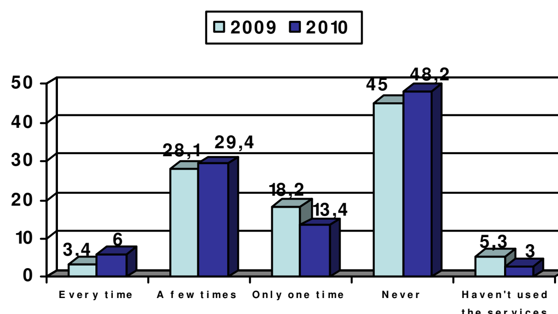
46 Outline of further health system development till 2015", accepted by Lithuanian Government on 26 January 2011. http://jga.lt/uploads/studijos/Tolesnes_sveikatos_sistemos_pletros_2008_2015_.pdf.

47 Department of Statistics of Lithuania database http://db1.stat.gov.lt/statbank/default.asp?w=1024.

48 Information of State health insurance fund, 2011; http://www.vlk.lt/vlk/pr/?page=item&kat_id=1&date=2011-04-13&item_id=1876.

nearly half of the population makes informal and illegal payments, and this habit has not changed very much (see Figure 4).

Figure 4: Question "Did you or your family member have to pay illegal fees for medical services in the past 12 months?" (answers in %)

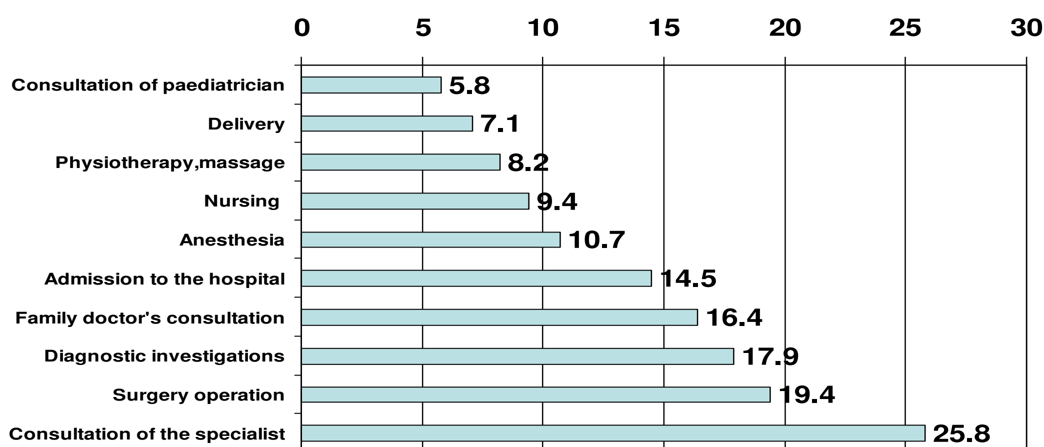


Source: Opinion of the Lithuanian population about compulsory health insurance system, activities of sickness funds and health care institutions in 2009 and 2010. Sickness Fund 7 March 2011.[49]

Illegal payments remain one of the major problems of the health care system in Lithuania. Situations when people make illegal payments to the medical staff are described in Figure 5.

The access to health care, be it outpatient or inpatient care, has not degraded in the past years during the financial and economic crisis. Outpatient visits to the doctor is 6.85 per one inhabitant and remained the same from 2007 to 2009. Inpatient services are increasing due to the need for more services for older patients (see Table 4).

Figure 5: Reasons of illegal payments to the medical staff in 2010 in Lithuania



Source: Opinion of the Lithuanian population about compulsory health insurance system, activities of sickness funds and health care institutions in 2009 and 2010. Sickness Fund 7 March 2011.[50]

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

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

Table 4: Inpatient treatment in Lithuania in 2008-2010

Indicator	2008	2009	2010	Change 2008-2010	
				Absol. number (+,-)	As percentage
Number of inpatient treatments per 100 population	803,979 239.41	811,398 242.97	805,994 245.55	2,015 6.14	0.25 2.56
Number of inpatient (65 +) Percentage (65 +)	260,101 32.35	264,830 32.64	271,120 33.64	11019 1.29	4.24 3.99

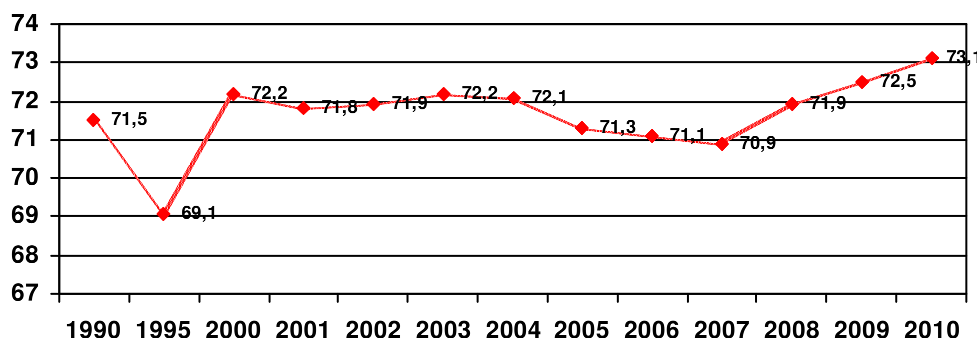
Source: Health Information Centre of the Hygiene Institute, 2011.

Accessibility to health care is one of the social determinants affecting the health status. The National survey in 2010 showed that the most problematic issue in the health care organisation is access in terms of organisation of health care: waiting times for a family doctor and specialised care are too long; patients require more doctors' time and attention to their specific problems; there are local inequalities in the time for the access of emergency services.[51]

The average life expectancy, the difference between male and female life expectancy and many other health statistics of the Lithuanian population are among the worst in the European Union. Lithuanian society is aging rapidly - at the beginning of this year, every fifth inhabitant was at least 60 years old. Due to the ageing population the demand for health and social care services is rising, which leads to increasing health care costs. Although in the period 2003-2010 the Health Care Institutions Restructuring Strategy was implemented, Lithuania is lagging behind the European Union average having too many hospitals and hospital beds in relation to the number of inhabitants. But it is also clear that acute care is dominating and long-term care is underdeveloped. Therefore, the optimisation of the health care infrastructure, the management of services and/or patients' mobility within the country becomes relevant and topical. Most avoidable diseases, ending in a large number of premature deaths, are caused by the conditions under which people live and work. Alcohol and stress-related diseases and deaths are becoming more and more actual. In order to emphasise the importance of public health, it is necessary to strengthen the focus on public health in the policies of municipalities, to underline the structural relationship between all parts of the health system - particularly between public health and primary health care and also social affaires. Average life expectancy is one of the lowest in the EU, but has improved throughout the past three years (see Figure 6). Public health problems related to high alcohol consumption remain the biggest challenge in health policy, but the improvement of life expectancy is associated also with successful policies due to alcohol related illnesses and prevention of traumas, which were introduced during 2008-2010. Cases of illnesses due to the toxic effect of alcohol were reduced by 23%, and the mortality rate due to random alcohol intoxication was reduced by 52%.

[51] Report of the National Survey results to the Ministry of Health - "Evaluation of the quality and the access to health care services in Lithuania according to the opinion of patients and health care providers". Social information centre, 21 February 2011. Retrievable at: http://www.sam.lt/go.php/lit/Pacientu_ir_sveikatos_prieziuros_paslaug/1184.

Figure 6: Average life expectancy in Lithuania 1990-2010.



*Source: Report on the Performance of the Ministry of Health for 2009 (*preliminary data 2010)*

Life expectancy and reasons of avoidable mortality show, that they are more related with public health challenges than with health care access.

The Ministry of Health has issued 2,772 certificates for emigration of health care specialists during 2004-2010 (according to the Directive of the European Council and the Parliament issued on 7 September 2005). The Department of Statistics in Lithuania reports that 908 health care workers are living abroad (May 2011).[52] This makes about 2% of all specialists working in the health care system. In 2010, 1,500 specialists graduated in medicine at the universities. In terms of health care personnel the health care system remains stable, but the number of certificates issued for persons due to emigration is increasing (in 2008 a total of 362 certificates were issued, in 2009 they amounted to 432, in 2010 to 540) and inequalities concerning territorial distribution of medical specialists do exist in the country.

There were no studies, how access to health care and long-term care services impact on poverty in the country.

The National Survey of patients and health care providers in 2010 showed that the access of primary health care in urban areas in terms of waiting times for a family doctor is worse than in rural areas. If in the big cities the average waiting time for a family doctor is 4.2 days, in rural areas it is 2 days.[53]

There is an ongoing study of the Ministry of Health trying to evaluate the bureaucratic burden and the adjustment of working hours of health care professionals.

2.3.5 Critical assessment of reforms, discussions and research carried out

A critical assessment of the Lithuanian Health Reform in 2010 needs to highlight a number of positive but also some negative aspects. The restructuring of health care institutions, efforts to balance the health insurance budget, measures to reduce the prices of pharmaceuticals, financing of health prevention programmes whilst at the same time preventing the deterioration of health care accessibility for residents should be named among the positive aspects particular to the year 2010. The Lithuanian method for the collection of health insurance premiums contains the built-in variable for the estimation of premiums for state insured (the list of which covers vulnerable groups of the population), which allows regulating the State Health Insurance Fund devoid of substantial legislative adjustments. In

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52 Information of the Ministry of Health, received on 17 May 2011.

53 Report of the National Survey results to the Ministry of health - “Evaluation of the quality and the access to health care servicies in Lithuania according to the opinion of patients and health care providers”. Social information centre, 21 February 2011; retrievable at: http://www.sam.lt/go.php/lit/Pacientu_ir_sveikatos_prieziuros_paslaug/1184.

2009, a discrete health insurance tax for the working population was approved and ensures universal coverage. Those who were refusing to pay health insurance tax are controlled by tax inspection and forced to pay taxes. During the economic downturn, the focus remained on health prevention programmes and primary health care funding. Many efforts were made to reduce expenditures on medicinal products. The most problematic issue in the health care organisation is access in terms of organisation of health care: waiting times to family doctors and to the specialised care are too long; patients require more doctors' time and attention to their specific problem, there are local inequalities in the time for the access of emergency services, also illegal fees to the medical staff. The Governement is trying to solve these problems by restructuring health care institutions and improving their management and also introducing more outpatient services especially in primary health care units. Although during 2003-2010 the Health Care Institutions Restructuring Strategy was implemented, Lithuania is lagging behind the European Union average with the basic health care indicators.

Compared to the perceived influence of the Social OMC ideas on the policy agenda, their impact on actual policy decisions seems to be lower. Access to health care, health inequalities, quality of health services remain the most problematic issues in health policy.

Nevertheless, the expectation of a better life has been increasing since autumn 2009, when expectations were at a low point (only 17% thought that their life will be better in 12 months time).[54] In autumn 2010, more positive answers were recorded, with the expectations of a better life increasing to 27% in Lithuania.

The Lithuanian National Health programme for the previous decade is currently being evaluated. The results will be published still this year. A new programme for the next decade is under preparation and will be presented for approval to the parliament.

2.4 Long-term care

2.4.1 The system's characteristics and reforms

The system of long-term care in Lithuania remained unchanged in 2010. Services of long-term care as before are organised through social services and the system of health care.

The system of long-term care is provided and financed through the State Health Insurance Fund by health insurance and by municipalities (in this case, the Ministry of Social Security and Labour acts as the policy body). In case of inpatient care, the health services finance long-term stays amounting to up to 120 days. TB, mental health, palliative care and rehabilitation patients are financed by the SHIF.

4,614 inpatient beds (178 more than in 2009) are allocated for long-term care in Lithuania in the health care sector. In addition, long-term residential care is provided in residential homes or other institutions for people with long-term care needs.

[54] Standard Eurobarometer 74 / Autumn 2010 – TNS Opinion & Social; Retrieved at: http://ec.europa.eu/public_opinion/archives/eb/eb74/eb74_eu20_en.pdf.

In 2010, the enhancement of nursing and long-term care beds as well as of rehabilitation was continued (Table 5).

Table 5: Long-term care beds in the Lithuanian health care system during 2008-2010

Indicator	2008		2009		2010	
	Long-term care beds	Hospital beds	Long-term care beds	Hospital beds	Long-term care beds	Hospital beds
Nursing long-term care	4,400	30,765	4,436	31,020	4,614	32,141
Out of which palliative care	26	67	43	247	96	600
Rehabilitation	1,290	16,175	1,320	15,647	1,378	17,333
TB	1,267	5,720	1,231	5,510	1,150	4,966
Mental health	3,453	39,530	3,409	37,436	3,303	37,618

Source: Health Information Centre of the Hygiene Institute, 2011.

According to the data of the national health accounts in 2009, long-term care amounts to approx. 9.1% of the Lithuanian health care spending, i.e. 620.5 million LTL.[55]

SHIF expenditures for inpatient nursing long-term care in 2010 were 108.9 million LTL, for outpatient nursing 4.9 million LTL, palliative care (inpatient and outpatient) 5.5 million LTL.[56]

According to the working data from the document "Health and long-term care expenditure projections: availability/collection of data" presented to the Ageing Working Group attached to the Economic Policy Committee of European Commission on 7 April 2011, public expenditures on LTC as a percentage of GDP with cash benefits in Lithuania makes 1.1%.[57] This was calculated using the data according to three "Expenditure Classification Systems": The System of Health Accounts/joint OECD-Eurostat-WHO questionnaire, ESSPROS, and COFOG.

Austerity programmes in health care have not affected very much long-term care for elderly. As can be seen in Table 4, the number of admissions to the hospitals of persons aged over 65 increased by 4% in 2010.

Provision of home nursing services commenced for people with special needs in 2010. They were funded from the SHIF. Family doctors work in a team with nursing specialists and together with municipal social care specialists provide family care for elderly and handicapped people at home. Private providers do exist, but their services are still not very popular. Furthermore, the scope of palliative care provision was extended and a new service - long-term home medical rehabilitation - was continued.

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55 Database of the Department of Statistics, 2009**:** http://db1.stat.gov.lt/statbank/SelectVarVal/saveselections.asp.

56 Data of the State Patient Fund, received on 27 April 2010.

57 Working paper "Health and long-term care expenditure projectios: availability/collection of data" presented to the Ageing Working Group attached to the Economic Policy Committee on 7 April 2011, P. 32.

2.4.2 Debates and political discourse

The Action Plan for the implementation of the national strategy of overcoming the impact of the ageing of the population 2005-2013[58] was adopted in 2005 in Lithuania and was implemented in 2010.

As long-term care and services are subject to two sectors - health care and social security -, continuous debates as to the areas of responsibility took place. Nevertheless, debates on social protection and pensions were on the first plan.

The strategic document "Outline of further health system development until 2015", which was approved by the Lithuanian Government on 26 January 2011[59] covered long-term care and also nursing. The vision of the nursing system and means how to achieve the goals are described in this document. The aim of this part of the strategy is to ensure and create an integrated system of health and social care servicies for the elderly population. A needs assessment and an evaluation of the present system have to be performed. New services for earlier diagnoses of non-communicable diseases including screening programmes for cardiovascular diseases and diabetes, breast, prostatic, cervical and colon cancer, increase of operations for knee and hip joint replacement, compensation of orthodontic services, specialised geriatric and rehabilitation services, community care at home and in the inpatient units for nursing an palliative treatment, etc. are required. The restructuring of health care institutions by reducing acute hospital-based care in small towns was on the political agenda. Long-term care beds were not reduced in 2010.

On 10 February 2011, the Ministry of Health approved the special requirements for geriatric services. This allows more and specialised inpatient health services for elderly people with geriatric problems. Since 2005, outpatient rehabilitation services were increased by 30% by implementing special projects of the Structural Funds and establishing special departments for ambulatory rehabilitation.

The National Survey of patients and health care providers in 2010 showed that the elderly people are concerned more about the access to inpatient health care than the general population.[60] When asked about the changes in the access to health care in the past two years, 20% of the elderly (over 65) pointed out the reduced access to hospital-based care and 26% felt more difficulties to specialised ambulatory care (see Figure 8.).

In terms of ageing there is a continuing initiative from 2005 described in the Action Plan for the implementation of the National Strategy of overcoming the impact of the ageing of the population 2005-2013.[61] On 10 February 2011, the Ministry of Health approved the special requirements for geriatric services and basic prices for their compensation by SHIF. This allows to get more and specialised health services for elderly people with geriatric problems. Since 2009, outpatient rehabilitation services have been increased by implementing special projects of the Structural Funds. 137 million LTL were planned for those needs. 50 health

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

[59] Outline of further health system development till 2015", accepted by Lithuanian Government on 26 th January 2011

[59] http://jga.lt/uploads/studijos/Tolesnes_sveikatos_sistemos_pletros_2008_2015_.pdf

[60] Report of the National survey results to the Ministry of health „Evaluation of quality and access of health care servicies in Lithuania by opinion patients and health care providers". Social information centre, 21 February 2011. http://www.sam.lt/go.php/lit/Pacientu_ir_sveikatos_priezi uros_paslaug/1184

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

care institutions are going to establish departments for ambulatory rehabilitation. Services of ambulatory rehabilitation since 2005 have increased by 30%. In 2010, 119 million LTL were spent for rehabilitation needs from SHIF.

2.4.3 Impact of EU social policies on the national level

In the health and long-term care strand, some conceptual developments regarding access to health care and long-term care can be seen that are attributable to the Social OMC influence. Notably, the Social OMC process introduced the ‘long-term care’ concept into Lithuanian legislation. It did not exist before, as medical and social services are perceived and administrated as entirely separate fields. The term ‘care’ is translated as two different words in the Lithuanian NSRs: ‘globa’ and ‘slauga’. The first one refers to social care as it is the word that is used to denote childcare (also by parents or foster parents), whereas the second one applies to the medical care that is carried out by nurses. The introduction of a definition of long-term care in the health and social affairs sector is a challenge and has to be solved in the future. The ageing of the population both in terms of labour force and in terms of growing health care needs is considered in the Lithuania’s National Reform Programme.

2.4.4 Impact assessment

The social security sector’s priority is the development of outpatient long-term services, i.e. strategy for development of social services provided at the patient’s home. Therefore, the burden of long-term inpatient nursing and long-term care - especially in rural areas - is placed on the health care sector.

During the financial and economic crisis neither long-term care facilities, nor financing of them in the health care sector were reduced in the country.

Long-term care services in social care homes for elderly and disabled are partly paid by the individuals themselves. As a rule, no more than 80% of a person’s income is taken as payment. This percentage is increased in the case when a person’s means are above the normative. In most cases the difference is covered by state and local budgets. According to the evaluation of the Social Services Supervision Department, in 2009 patients themselves covered about 34% of expenditures of social care homes subordinated to counties.

The needs for long-term care due to the ageing of the population are growing. After reducing acute care beds more hardship is likely to hit recipients of outpatient and inpatient long-term care.

2.4.5 Critical assessment of reforms, discussions and research carried out

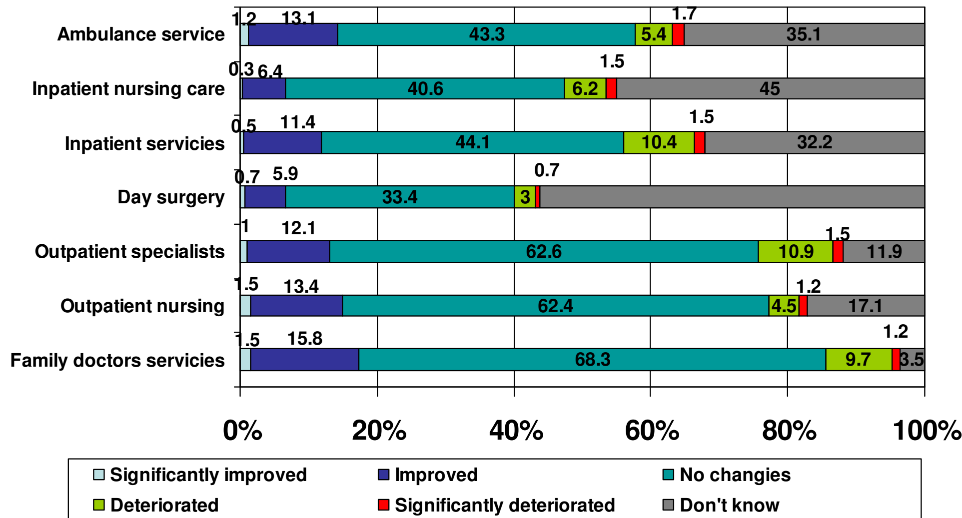
Even though 80% of the population in Lithuania have quite a positive opinion of the quality of health care, the changes of restructuring the health care institutions are evaluated not so well. According to the national survey of patients in 2010, carried out by the Social information centre, elderly people over 65 evaluated changes in the quality of provided health services as presented in Figure 7.

Nevertheless, the percentage of positive answers slightly outweighs negative opinions.

Changes in the access to health care were evaluated even less positive (see Figure 8).

Figure 7: Change of the quality of health care in the past years (opinion of elderly 65+ in 2010; as percentage)

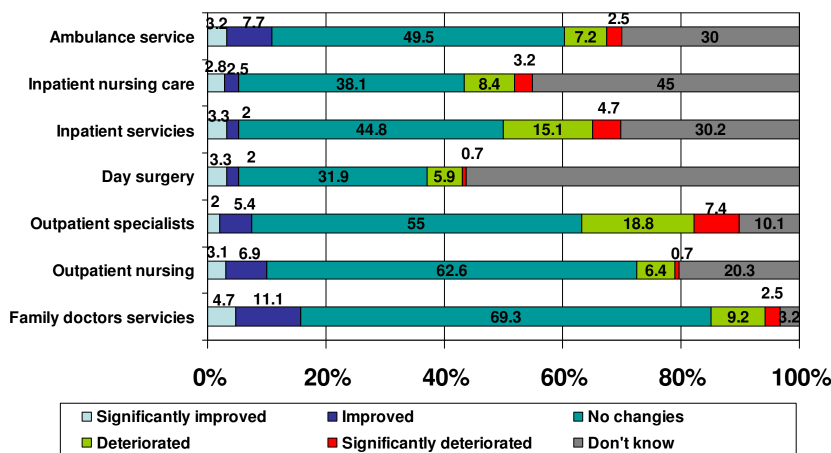
Answers to the question: "What is your opinion, in general, how the quality of health care services has been changing in the past year?"



Source: Report of the National Survey results to the Ministry of Health - "Evaluation of the quality and the access to health care services in Lithuania according to the opinion of patients and health care providers".[62]

Figure 8: Change of the access of health care in the last years (opinion of elderly 65+ in 2010 in percentage)

Answers to the question: "What is your opinion, in general, how the accessibility of health care services has been changing in the past year?"



Source: Report of the National Survey results to the Ministry of Health - "Evaluation of the quality and the access to health care services in Lithuania according to the opinion of patients and health care providers".[63]

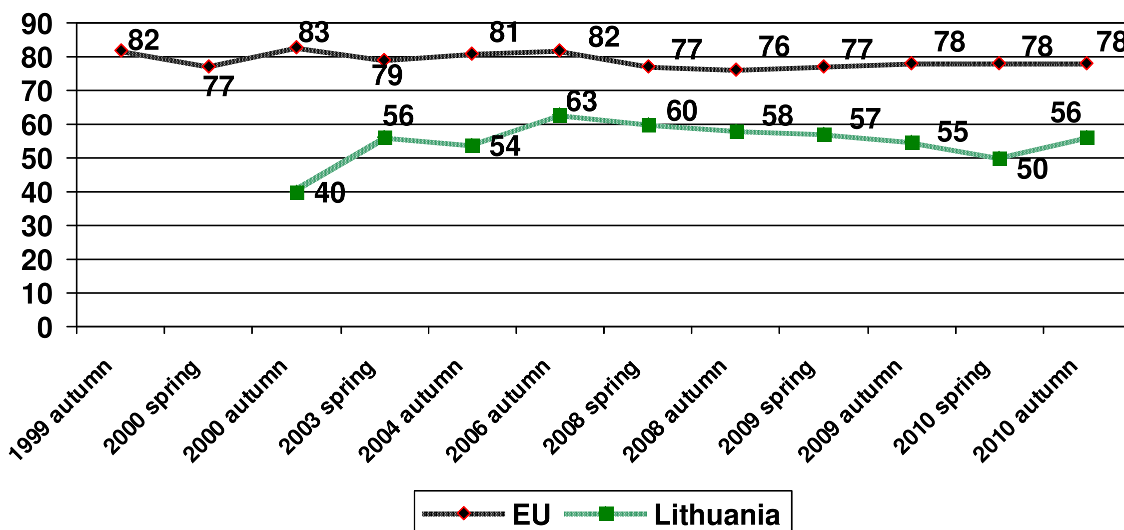
[62] Source: Social information centre, 21 February 2011, retrievable at: http://www.sam.lt/go.php/lit/Pacientu_ir_sveikatos_prieziuros_paslaug/1184.
[63] ibid.

Fields of concern in terms of health reform and restructuring of health care institutions is the access of inpatient and outpatient specialist services, which one fifth of the elderly population consider to have deteriorated.

The general evaluation of the opinion of the population effects very much the overall satisfaction of their life. The financial and economic crisis has influenced the overall satisfaction in Lithuania. Overall populations' satisfaction of their life in Europe was not very much changing during 2008-2010 (77-78% answered that they are satisfied). Lithuanians, were not so positive. During the financial and economic crisis a figure of 60% of the population being satisfied with their life in 2008 dropped to 50% in spring 2010. But in autumn 2010, the overall satisfaction had increased from 50 to 56% in the country (Figure 9).

Figure 9: Life satisfaction by opinion of population

Question: "On the whole, are you very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the life you lead?"



Source: Standard Eurobarometer 74 / Autumn 2010 – TNS Opinion & Social.[64]

The expectation of a better life has been increasing since autumn 2009.

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

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Working paper "Health and long term care expenditure projections: availability/collection of data" presented to Aging Working Group attached to the Economic Policy Committee on 7 April 2011. P. 32.

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

[R2] AZGURIDIENĖ Guoda. Pensijų sistemos tvarumas ir jos dalyvių interesai. Politologija 2010/4 (60), Vilnius/retrieved from:
http://www.leidykla.vu.lt/fileadmin/Politologija/60/142-172.pdf

"Sustainability of Pensions Systems and Interests of Their Participants"

The article analyses motivations and expectations of pension systems' participants. The major question is what goals of pension systems are viable or what the correct indicators to measure success of pension systems are. The question strives from the fact that modern societies raise very ambitious tasks for their pension systems and are not successful in implementing them. The hypothesis is that behind visible shortages of pension systems, that are well known and researched, there are deeper, fundamental reasons causing inner contradictions of these systems. They are due to human nature – to seek for own interest. The article argues that without solving this inner contradiction, pension systems can not become viable and beneficial for societies.

There are three groups of the pension system's participants defined in the article: pensioners (receivers), work force and business (contributors) and politicians (decision makers). The article concludes that first of all it is very important to realise interest contradictions of pension system participants as well as to stop describing public pension system as life-time income guarantee. Such guaranty can not be created both in general (due to nature of our existence) and in particular by mandatory public means (due to inherent inefficiency of such undertakings).

However, while public demand for social security illusion exists and it fits well with political interests, the only pragmatic trend is one propagated by Word Bank – to increase pension scheme diversification that makes *PAYG* pillar less dominating. It shall be gradually replaced by the schemes, where choice is established instead of obligation and individual, family or unenforced community is approached instead of statistical unit of population.

[R2, R3] BARTKUS Algirdas, Efektyvus socialinio draudimo pensijų indeksavimas. Lietuvos statistikos darbai, 2010 (49), p.34-40.

"Efficient indexation of social insurance pensions"

The different ways of old age pensions indexations are analysed: indexation by average wage, by prices and by income. Two criteria of efficient indexation of pensions are defined. The first aims to preserve the stable replacement rate. The second aims keep the stable ratio of replacement rate and contribution rate. The indexation by wage is an efficient indexation in comparison with other indexation ways. The increase of the retirement age is an efficient way to keep stable consumption in ageing society.

[R2] BITINAS Audrius, Socialinė apsauga Europos Sąjungoje: pensijų sistemų moderniza**-**vimas. Monografija. 2010, Vilnius.

"Social Protection in the European Union: the modernisation of pensions systems"

In the monograph the analysis of the social security system and management methods, the international social security sources, the analysis of the European Union and national social security schemes (pension) models, the analysis of the assumptions of social security reforms and trends in the European Union countries as well as the jurisprudence of the European Court of Justice are presented.

This book analyses already implemented pension system reforms and trends in social security as well as the main principles to be followed when planning new reforms. Today's social-economic situation leads to the emergence of new elements in the social security system and recognises the importance of private accumulation schemes to guarantee the individual rights to social security. Because of lengthening of life expectancy, the retirement age in the modern pension systems needs to be increased (or it must be flexible to encourage more work and earn a higher pension) and the length of insurance period should be extended. The pension system reform must not only be oriented to reduce the public deficit, to improve the management efficiency of the system, but also to ensure the efficiency of social spending and social insurance principles.

The analysis carried out in the selected European Union countries and the Lithuanian pension system models, coupled with the analysis of trends in management, can help to assess the status of the Lithuanian pension system and reforms.

The monograph consists of three parts. The first part deals with general social theory (the concept, models, principles and management arrangements). The second part analyses the international and European law sources which regulate the personal social rights and social security systems. The third part focuses on the concept of the pension system and the management changes. In addition, the comparative study of the European Union countries (Spain, Italy, the Netherlands, France, Sweden, Germany Great Britain and Lithuania) is conducted.

[R2, R5] MEDAISKIS Teodoras, Ar teisėta recesijos metu mažinti socialinio draudimo pensijas? Ekonomisto požiūris. In : Darbo rinka XXI amžiuje : lankstumo ir saugumo paieškos. 2011, Vilnius, p.570-580

"Is it Legitimate to Decrease Social Insurance Pensions in the Time of Recession" In: Labour Market of 21st Century, 2011, Vilnius, p.570-580

The article discusses legitimacy of reduction of social insurance pensions in the time of recession. Lithuania and Latvia were the only two countries in the EU who reduced pensions. The question if this action was in line with the Lithuanian Constitution required to reflect on the nature of pensions. The Lithuanian Constitutional Court based its opinion on a presumption that social insurance pension is a property of a pensioner, and the property right is defended by the Constitution. This article presents an opposite opinion that *PAYG* based

pension cannot be treated as private property. It is only the right of the retired generation to share income with the working one. Even more - if a pension is a property, then its amount should be fixed and not adjusted in line with the income of the working generation. If the aim of the pension system is to ensure that the standard of living of retirees should reflect the standard of living of working generation, this aim contradicts the presumption that pension is a property. As a consequence it is argued in the article that requirements to pay compensation for the retirees who lost part of their pension due to reduction are not based on valid arguments and are not justified from the economic point of view.

[R2, R5] PETRYLAITĖ Vida, Teisės į pensiją kaip teisės į nuosavybę apsauga Lietuvoje In : Darbo rinka XXI amžiuje : lankstumo ir saugumo paieškos. 2011, Vilnius, p.580-590.

"Protection of the Right to Receive a Pension as a Property right in Lithuania"

The principle of the right to a possession is still quite a new one in terms of the system of social security principles. Though after long years of the practise of Court of Human Rights as well as the evolution of national law, it must be admitted that the principle of a peaceful enjoyment of a possession finds its place in the provision of social security.

The Article 1 of Protocol 1 to the European Convention on Human Rights states that every person is entitled to the peaceful enjoyment of his possession. There is already a clear and unquestioned position of the Court that the right to social security benefits must be protected within Protocol 1 undependably of whether the social security benefit is contribution-based or not. Thus it is obvious that every type of pension (private, state, contributory or non-contributory) falls within the scope of Protocol 1 and the right to pension must be evaluated as the right to property. The Constitutional Court of the Republic of Lithuania also has taken this approach and considered the right to pension as the right to property.

Nevertheless, when analysing the Constitutional Court's opinion and reasoning it may be stated that the Court took quite a straightforward and superficial attitude towards an already existing practice of the Court of Human Rights. It can be noticed very clearly that the Constitutional Court has taken into consideration only the general principle of the right to pension as property right but it did not take the deeper insight into those rules that are used by the Court of Human Rights when dealing with specific practical aspects of the right to social security benefits and deciding whether the right was infringed or not.

[H] Health

[H1, H2, H3, H4, H5, H6, H7, L] ČERNIAUSKAS Gediminas, BUIVYDAS Romas, JANKAUSKIENĖ Danguolė, GRABAUSKAS Vilius et al., Lietuvos sveikatos sektorius amžiaus sandūroje, Monograph, 2010 Vilnius, 408 pages/retrieved from:
http://www.sec.lt/index.html

"Lithuanian health sector in the junction of centuries"

On the basis of the synthesis of scientific publications it is analysed the policy and management of health care system in two decades after Independence. Trends in basic health and economic indicators as well health care effectiveness and efficiency indicators as a result of major reforms are presented comparing them with other countries statistics. Basic values, positive and negative changes are analysed. Quantitative and qualitative studies are used. Surveys of population opinion are summarised. Suggestions for future changes are discussed.

[H2, H3] DAMBRAUSKIENĖ Kristina, VERYGA Aurelijus, KLUMBIENĖ Jūratė, PETKEVIČIENĖ Janina, Suaugusių Lietuvos gyventojų rūkymo įpročiai 1994–2008 metais,

atsižvelgiant į lytį, amžių ir išsilavinimą, Public health 2010 Nr,. 1 (48), P. 28-43/retrieved from http://www.hi.lt/images/SV_Dambrausk.pdf

"Evaluation of smoking habits among Lithuanian adult smokers in 1994–2008, according to gender, age and education"

The aim was to evaluate smoking habits among Lithuanian adult smokers, according to gender, age and education in period of 1994–2008. The article analyses data of Lithuanian adult population health behavior surveys, performed in period of 1994–2008, in every two years. For every survey the national random sample of 3000 inhabitants aged 20–64 was taken from the National Population Register. The study material was collected through mailed questionnaires covering smoking habits, social status. Daily smoker was subject who smoked at least one cigarette per day. In 2008 38.8% of Lithuanian adult men and 14.9% of women were daily smokers. During the fourteen years period number of daily smoker's women increased twice. Among men a peak in smoking occurred in 2000, after it started decreasing and reached the level of 1994 in 2008. During this period increased number of ex-smokers in both genders. Daily smoking was least common in the oldest age group in both genders. The lowest prevalence of daily smoking was among men with the university education. The study defined the associations between smoking habits and gender, age, education level.

[H2] IVANAUSKAITE Rugilė, KREGŽDYTĖ Rima, PADAIGA Žilvinas, Evaluation of health-related quality of life of patients with breast cancer, Medicina (Kaunas) 2010; 46 (5): 351-359/ retrieved from: http://medicina.kmu.lt/1005/1005-09e.pdf

The aim of the study was to evaluate health-related quality of life (HRQL) among patients with breast cancer in Lithuania. A cross-sectional study was carried out in four major Lithuanian hospitals. An EORTC QLQ-C30 (version 3) questionnaire with general demographic and medical information was distributed among 318 patients. A total of 284 patients were included in the analysis. Women reported high level of functioning across several standardised HRQOL scales: cognitive functioning, everyday activity, and physical functioning. Fatigue and sleeping disorders were the most commonly indicated symptoms in the symptom scale. Fatigue and pain were the most important factors affecting general HRQOL. Results emphasise that the general HRQOL of the studied women is fair, but poorer than that of the corresponding population in other countries. Women living in a family or partnership experienced fewer financial troubles and had higher HRQOL scores across several standardised measures compared to those who were single. Women with late stages of breast cancer felt worse and were less socially active compared to women who were diagnosed with early-stage breast cancer.

[H1, H2, H3, H4, H5] JANKAUSKIENĖ Danguolė, Sveikatos politikos raida ir tendencijos, Monograph "Regnum est. 1990 m. Kovo 11-osios Nepriklausomybės Aktui -20", Mykolas Romeris university, 2010, P. 845-866/retrieved from:
http://www.mruni.eu/lt/padaliniai/centrai/leidybos_centras/leidiniai/kiti/?ID=83219

"Development of health policy in Lithuania"

Using scientific publications development and tendencies of health policy is analysed in the monograph. Steps of the health reform and implemented programs are discussed. Positive and negative changes are indicated. Positive changes are mentioned: as continued health policy development with same values is one of the major successes in the face of changing ruling political parties and health ministers, competition among health care providers, decentralisation and new public administration introducing public management in health care institutions, public participation in decision making, patient's rights, etc. Problematic policies

are still in primary health care especially organisational access and public health, especially overall stress management and alcohol policies, public relations, etc.

[H2, H4] MARGIENĖ Jovita, GUREVIČIUS Romualdas, Vidutinė sveiko gyvenimo trukmė – populiacijos sveikatos būklės vertinimo indikatorius, Public health 2010 No. 2 (49). P. 9-18/retrieved from: http://www.hi.lt/images/Margiene_2.pdf

"Average health expectancy – indicator for health asessment of population"

The review article shows different peculiarities and concepts in the estimating of health status, healthy expectancy in the world and Lithuania. Researchers are in front with the paradox, that most health evaluators calculate the health using indices, which reflect not health, but lack of it (morbidity, mortality, sickliness, disablement). The most recent investigations, whose trying to explain health in context of the world literature and alternative indicators are suggested in front of traditionalism, reviewed. Fundamentally, the method determines the probability that a person will be alive and healthy (or unhealthy) at any time in the future. Using this information, it is readily possible to split life expectancy into – healthy and – unhealthy periods. Details of this method is discussed, indicators of those indices, which were introduced in some countries are demonstrated. The classification of disability and estimation of it and the possible influence of these factors for calculating indicators of healthy expectancy are considered in the article.

[H2] MIKELAITYTĖ Rita, NARKAUSKAITĖ Laura, Smurto prieš vaikus problema Lietuvoje ir kitose šalyse, Public health, 2010 Nr.2 (49). P.19-22/retrieved from: http://www.hi.lt/images/Mikelaityte_2.pdf

"Problem of violence against children in Lithuania and other countries"

Violence against children is a very important problem, which must be dealt with. One of the main solutions is to look for reasons behind violence. The determination of the causes will give us a chance to create the effective violence prevention programmes. The aim of this article is to review the problem of violence against children in Lithuanian and across the world. Information presented in this article is from the scientific research in Lithuania and other countries.

[H2, H4] POLIAKOVIENĖ Ramunė, GUREVIČIUS Romualdas, Mirtingumo nuo alkoholinės kepenų ligos ir kepenų cirozės sekuliariniai pokyčiai Lietuvoje 1968–2007 m., Public health 2010 No.2 (49). P. 23-32/retrieved from: http://www.hi.lt/images/Poliakoviene_2.pdf

"Secular trends in mortality from alcoholic liver disease and liver cirrhosis in Lithuania from 1968 to 2007".

The aim of this study was to describe and to evaluate the secular trends in mortality from alcoholic liver disease and liver cirrhosis in Lithuania from 1968 to 2007. Official mortality and population data from Statistics Department to the Government of the Republic of Lithuania for the period 1968–2007 were used for analysis. Data were obtained in 5-year age group and grouped by 5-year period intervals. Number of deaths from alcoholic liver disease and liver cirrhosis, crude and age-standardised mortality rates, cumulative risk for total population was calculated. Age adjustment was carried out using the European standard population. Male age-standardised mortality from alcoholic liver disease increased by 2364% in 2003–2007 compared to 1968–1972 ($p < 0.05$), and female rate grew even more – 2933.33% ($p < 0.05$). Male mortality from liver cirrhosis 2003–2007, in comparison with 1968–1972, increased by 163,5% ($p < 0.05$) and in female by 237.5% ($p < 0.05$). Growth rate

of standardised mortality from liver cirrhosis during analysed period was about 9 times smaller than standardised mortality from alcoholic liver disease in both sexes. Country's authorities to take political decisions influenced alcohol consumption and availability. Consequently, these factors affected the secular trends of mortality from alcoholic liver disease and cirrhosis. To better understand these trends, further information on alcohol consumption and habits, alcoholism treatment rates, viral hepatitis rates and other etiological factors prevalence rates is necessary.

[H2] PURAS Dainius Pūras,ULEVIČIŪTĖ Ilona. Vaikų seksualinė prievarta ir jos pasekmės, Public health 2010, No. 3 (50). P/ 19-23/retrieved from: http://www.hi.lt/images/SV_3_Puras.pdf

"Sexual abuse against children"

Sexual abuse against children teaches children communication which is based on violence and aggression. That kind of communication develops lack of confidence and forms the negative emotions, constant stress, thus leaving emotional wounds and scars for the rest of the life. This article, based on reviewed literature sources, presents the World Health Organisation's definition and concept of child sexual abuse. In Lithuanian legal practice, in criminal code the concept of child sexual abuse is not precisely defined. The article presents overview of child sexual abuse statistics, short-term and long-term consequences for mental health of victims.

[H2, H3] SKVARCIANY Zdislav, GUREVIČIUS Romualdas, Sergamumo prostatos vėžiu ir invalidumo nuo jo sąsajos Lietuvos savivaldybėse, Public health 2010 Nr, 1 (48) P. 44-50/retrieved from: http://www.hi.lt/images/SV_Gurevicius.pdf

"Incidence of prostatic cancer and its relationship with disablement due to this cancer in 60 small administrative areas of Lithuania in 2001–2004"

The aim of this study is to compare incidence of prostatic cancer and disability from this cancer geographically in 60 small administrative units of the country, using progressive mapping techniques and to find relationship with those closely related indices, using correlation in space procedure under hypothesis – in the 60 counties must be positive relationship between incidence of prostatic cancer and disability from this disease – i.e. in the counties with higher incidence must be higher incidence of primary detected disability. Age adjustment was calculated using Winpepi software. Variability of the rates was measured using coefficient of variation. Spatial relationship between prostate cancer incidence and disability rates was measured using nonparametric correlation – Spearman ρ, (Rho). Study data showing wide variation of the prostate cancer incidence in small administrative areas. However, variability of age adjusted disability rates was almost two times higher than incidence. In the most counties incidence of prostatic cancer was 3 to 12 times higher than disability incidence.

[H2] SMAILYTĖ Giedrė, RIMIENĖ Jolita, GUDLEVIČIENĖ Živilė, ALEKNAVIČIENĖ Birutė, Gimdos kaklelio patologijos patikros programos vykdymo įtaka sergamumui gimdos kaklelio vežiu Lietuvoje, Theory and Practice in Medicine. 2010 (Vol 16), No. 2, P.152-157/retrieved from: http://www.mtp.lt/files/44_MTP_2010_II_.pdf

"Influence of the Cervical Cancer Screening Programme on Cervical Cancer Incidence in Lithuania"

The aim was to analyse the cervical cancer incidence trends in Lithuania in 1999-2008 and to evaluate influence of the cervical cancer screening programme on cervical cancer incidence. For analysis of incidence trends were used materials of Lithuanian Cancer Registry for 1999–

2008 years. The standardisation was performed by direct method using the world standard population. Annual percentage change (APC) was estimated using linear regression model. It was not observed the changes in cervical cancer incidence during 1999–2008 year period (APC respectively 0.7% and 1.6%, $p<0.05$). In the screening group we observed statistically significant increase in incidence of stage I cervical cancer (APC – 11.1%) and decrease in stage II (APC – 7.2%). The changes in incidence of stages III and IV cervical carcinoma there were not observed. The incidence was increasing by 34.4% in all age group and by 33.7% in the 25–59 age group.

[H4] VERYGA Aurelijus, Lietuvos tabako kontrolės politika: istorinė ir šiandienos perspektyva, Public health 2010 No. 2 (49). P. 5-8../retrieved from:
http://www.hi.lt/images/SV2_redakcijosper cent20skiltis.pdf

"Tobacco control in Lithuania: history and perspective"

The most important steps in tobacco control in Lithuania started after adoption of Lithuanian tobacco control law in the year 1995. In the year 2004 Lithuania became a member of EU and has ratified WHO Framework Convention for Tobacco Control. Since year 1995 there were important developments in tobacco control starting from total ban of tobacco advertisement which was enacted in 2000. There were other significant steps taken as creation of smoke-free environment by banning smoking in enclosed spaces in 2007, changes in product regulation, new requirements for packaging and labeling of tobacco products etc. Still there are many problems left unsolved. There is no smoking cessation system developed and serious problems with illegal trade of tobacco products. Selling to minors still is huge problem in Lithuania. WHO Framework Convention for Tobacco Control is powerful tool enabling countries to introduce comprehensive and evidence based tobacco control measures and we should use all possibilities to get these measures introduced and implemented in Lithuania

[L] Long-term care

[L] ČERNIAUSKAS Gediminas, BUIVYDAS Romas, JANKAUSKIENĖ Danguolė, GRABAUSKAS Vilius et all, Lietuvos sveikatos sektorius amžiaus sandūroje, Monograph, 2010 Vilnius, 408 pages/retrieved from:
http://www.sec.lt/index.html

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[L] ŠILYS Arvydas, GUREVIČIUS Romualdas, RUTKYS Balys Algimantas, GUOBUŽIENĖ Dalia, Modelio EQ_5D galimybės vertinti slaugos rezultatyvumą skirtingoje klinikineje aplinkoje, Theory and Practice in Medicine 2010 (Vol.16), No. 3, P.220-228/retrieved from: http://www.mtp.lt/files/4_pdfsam_2.pdf

"Possibilities of the EQ_5D assessing effectiveness of nursing in the different clinical environment".

Results of nursing in different clinical practice are presented in this article. New model EQ-5D-SL, study of life quality related to health was applied. Based on the questionnaire

EUROQOL (EQ-5D) this specific population tool enables to estimate five vital functions of patients that outlined their physical, psychical and social behavior potential. It was identified, that application of this model leading possibility to assess quality of life of patients, in relation of the nursing care in the different clinical settings. Visual analog scale (VAS) based tariffs are very useful in determining of the patients health status index. The estimation of nursing results, the index of patient health status and follow-up of its changes in time are feasible with EQ-5D-SL.

4 List of Important Institutions

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

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

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

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

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

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

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

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

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

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

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

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

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

Valstybinio socialinio draudimo fondo valdyba - State Social Insurance Fund Board
Contact person: Mindaugas Sinkevičius (Director)
Address: Konstitucijos pr. 12, LT-09308 Vilnius
Webpage: www.sodra.lt/

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

Lietuvos Higienos institutas – Hygiene institute
Contact person: Remigijus Jankauskas (Director)
Address: Didžioji str. 22, LT-01128, Vilnius
Webpage: www.hi.lt/

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

Vilniaus universitetas – Vilnius University
Ekonomikos fakultetas Faculty of Economics
Contact person: Birutė Galinienė (Dean)
Address: Sauletekio al. 9, Vilnius
Webpage: www.ef.vu.lt/

Filosofijos fakultetas. Socialinio darbo katedra. - Faculty of Philosophy, Social Work Department
Contact person: Jolita Buzaitytė-Kašalynienė (Chair)
Address: Universiteto str. 9/1, LT-01513, Vilnius
Webpage: www.fsf.vu.lt/

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

Mykolo Romerio universitetas - Mykolas Romeris University
Contact person: Alvydas Pumputis (Rector)
Address: Ateities str. 20, LT-08803 Vilnius. Phone: 00370 5 2714617
Webpage: http://www.mruni.eu/

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

Lietuvos sveikatos mokslų universitetas – Lithuanian university of health sciences
Contact person: Remigijus Žaliūnas (Rector)
Address: A. Mickevičiaus str. 9, LT-44307 Kaunas .
Webpage: http://www.kmu.lt/index.php?cid=418/

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

Lietuvos socialinių tyrimų centras - Lithuanian Social Research Centre
Contact person: Arvydas Matulionis (Director)
Address: Saltoniškių g. 58, LT-08105 Vilnius
Webpage: www.lstc.lt/

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

Globali iniciatyva psichiatrijoje - Global Initiative on Psychiatry
Contact person: Dovilė Juodakaitė (Director)
Address: M.K Oginskio g.3, LT-10219 Vilnius.
Webpage: www.gip-vilnius.lt/

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

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

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

Lietuvos laisvosios rinkos institutas - Lithuanian Free Market Institute
Contact person: Ruta Vainienė (President)
Address: Jasinskio str. 16a, LT-01112 Vilnius
Webpage: www.lrinka.lt/

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

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

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

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