Annual National Report 2011

Pensions, Health Care and Long-term Care

Principality of Liechtenstein

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1 Executive Summary

The Liechtenstein social security system is of a very high level. The basic principles and many benefits are linked to the Swiss system. Due to the small size of the Liechtenstein territory and the high number of workplaces available, there are many persons working and insured in Liechtenstein who are actually not resident there, i.e. Austrian and Swiss nationals.

The financial and economic crisis was in the centre of the public debate and the political discourse in Liechtenstein. Against the background of a projected all time high state budget deficit for 2010, measures were discussed to relieve the budget pressure. As the deficit was not as high as predicted, a mitigation of the cut in public expenses was decided in March 2011. Reductions of state subsidies in the first pillar pension scheme and in the field of health care were upheld.

In 2010, and early 2011, the below described developments took place in Liechtenstein's pension, health and long-term care schemes.

Concerning old-age security, the Government of Liechtenstein has initiated a minor reform of Liechtenstein's first pillar pension system (AHV) in order to consolidate the state budget. To be more precise, the Government plans to cut the public subsidies to the AHV. As compensation for the loss of income of the AHV, the Government intends to introduce higher reduction rates for early retirement pensions, the adaptation of the indexation mechanism, and an increase of certain AHV contributions. However, these measures are expected to not fully compensate the AHV for the loss of income. The Government acknowledges that these measures serve the purpose of consolidating the state budget and that further measures need to be taken in order to guarantee the financial sustainability of the AHV. To this end, an expert committee should be appointed to regularly monitor the development of the AHV.

In the field of health care no actual reform was undertaken. However, the discussions on how to reduce costs are omnipresent. The decision of the new tariffs for doctors was adopted in Parliament (*Landtag*), but then, due to some amendments, not accepted by the Medical Association (*Ärztekammer*). The Association of Health Care Providers (*Dachverband von Berufen der Gesundheitspflege*) was not very enamoured with a decision to make revenues of service providers in the health care field public and is considering to challenge the Act before the Constitutional Court. Lastly, and this is probably the most important construction site in the Liechtenstein health care system, it is for the Government to decide upon a strategy for the Liechtenstein State Hospital (*Landesspital*).

In the field of long-term care, the Government implemented the first step of a reform decided several years ago to set up a sustainable system of preventive, home and institutionalised care for senior citizens was taken. To cover the most urgent needs, namely the financing of home care, the Government effectively introduced a new care allowance as of 1 January 2010. This whole reform will have to be implemented in stages with a long-term perspective. Having established the financial framework for home care, the next challenge is to find a solution how to provide sufficient care personnel.

No relevant impact assessment was carried out in the reference period.

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

2.1 Overarching developments

Due to structural changes in the financial sector linked to the economic and financial crisis and the general demographic trends, less revenues and higher expenditures were predicted for Liechtenstein for the year 2010.[1] In addition, the Government expenditure in recent years has increased disproportionately and has recorded a significantly higher growth than the actual economic performance.

Therefore, Liechtenstein intended to consolidate its budget within a four years term (2010-2014) by reducing government spending. The Government has proposed to the Parliament (*Landtag*) on 8 June 2010 a Governmental Bill (*Bericht und Antrag, BuA*) to restructure the state budget.[2] The Parliament accepted this proposal requiring the total review of the national budget.

The financial plan 2010-2014 foresaw, based on the assumptions made at that time, a sustained annual consolidation need of CHF 160 million (ca. EUR 125 million). With the 2011-2015 financial planning, the general need for reforms was confirmed.[3] The balance of the state budget 2010 showed that the tax revenues of the country were higher than expected, thus, the estimate for 2010 was too low. The Government therefore decided in March 2011 to reduce the target by CHF 25 million to CHF 135 million.[4] The aim is to achieve this goal by way of reduction of public expenditures.

In Liechtenstein, the reduction target is reviewed annually as part of financial planning. If the future medium-term assessment reveals once again a different picture of the development of public finances, then the reduction target will be adjusted accordingly. The Government has decided to relieve, in the event of such a reduction, primarily the socially sensitive areas of the economy.

To achieve an annual and sustainable output reduction, the Government proposed to the Parliament to group the necessary savings into main areas of expenditure. The most extensive area of expenditure in the state budget is the "current and investment contributions" sector (*laufende und investive Beitragsleistungen*). This category includes subsidies for the pensions and health care system. The Government envisages now, after having initially foreseen CHF 80 million (ca. EUR 62 million), a reduction target of CHF 68 million (ca. EUR 53 million) in this sector.[5] The reforms described below have to be seen against the background of this reduction target of public expenditure.

In addition, to the budget consolidation programme, the Liechtenstein Government presented its overall Governmental programme called "Agenda 2020" on 5 October 2010.[6] This

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1 Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein zur Finanzplanung 2010-2014, Nr. 100/2009.

2 Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend das Maßnahmenpaket zur Sanierung des Landeshaushalts, Nr. 73/2010.

3 Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein zur Finanzplanung 2011 2015, Nr. 126/2010.

4 Press release of 2 March 2011 on government website "ausgewogen2015" (http://ausgewogen2015.li/ausgewogen/)

5 See footnote above.

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

programme focuses on six strategic objectives which are, according to the Government, of equal importance: to make use of the possibilities of a small-state in an international context, to increase domestic political capacity to act, to increase financial capacity to act,[7] to strengthen its business location, to secure natural livelihoods and, last but not least, to increase quality of life.

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

In terms of unemployment, a positive development could be observed from December 2009 with 3% to 2.3% in April 2011. Nevertheless, a total revision of unemployment legislation was necessary (see under chapter 2.2.2.1) having been in force since 1970. It has proven itself, but it cannot be denied that even with a very good economic situation the ALV ended up in a deficit. This has been aggravated by the global financial and economic crisis.[8]

2.2 Pensions

2.2.1 The system's characteristics

Liechtenstein's old-age pension system of is based on three pillars. The first pillar is the statutory Old-Age and Survivors' Insurance (*Alters- und Hinterlassenenversicherung, AHV*). The second pillar consists of employers' pension plans. And finally, the third pillar are voluntary private insurance arrangements, such as life insurances and other products by insurance companies or pension plans and the like by financial institutions. In the following, the main characteristics and basic financial and insurance data of Liechtenstein's first and second pillar pensions will be outlined.

2.2.1.1 First pillar

The first pillar (AHV) is a mandatory insurance for all individuals residing or working in Liechtenstein, as employee or self-employed person.[9] In 2009, more than 40,000 persons were actively insured, meaning that they paid contributions. This rather high number, compared to Liechtenstein's less than 36,000 inhabitants, can be explained by the fact that more than half of Liechtenstein's employees commute from abroad, most notably from Switzerland and Austria.

The AHV is funded on a pay-as-you-go basis. Revenues are derived from contributions, taxes and investment income. Contributions must be paid by the employee and the employer (in equal parts), the self-employed, and the economically non-active resident. In 2009, contributions in the amount of ca. CHF 209 million, which equates to ca. EUR 159 million, were collected. The state contributes to the AHV funds with 20% of the fund's annual expenditure, paid out of the general revenues, and with two thirds of the revenues from the capacity-linked levy on heavy goods vehicles (*Leistungsabhängige Schwerverkehrsabgabe, LSVA-Abgabe*). This Government contribution is currently subject to discussion (see below in

[7] See Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend das Maßnahmenpaket zur *Sanierung des Landeshaushalts, Nr. 73/2010,* and introduction above.

[8] See *Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend der Totalrevision des Gesetzes über die Arbeitslosenversicherung, Nr. 88/2010.*

[9] For the legal basis see *Gesetz vom 14. Dezember 1952 über die Alters- und Hinterlassenenversicherung* (LGBl. 1952, Nr. 29).

chapter 2.2.3.1). In 2009, the Government contribution amounted to almost CHF 50 million (ca. EUR 38 million). Revenues from both contributions and the Government has steadily increased over the past ten years.[10] This cannot be concluded for the third pillar of funding, i.e. the investment revenues. In 2007, after the beginning of the financial crisis, the income from investments heavily dropped to only little more than CHF 5 million (ca. EUR 3.3 million). Later, in 2008, the *AHV* was facing severe investment losses: CHF 185 million (ca. EUR 130 million). This was the highest loss ever in the *AHV* fund's history.[11] The tide turned in 2009, when a record profit from investment of CHF 233 million (ca. EUR 177 million) was reported.

Eligibility to an *AHV* retirement pension is linked to the fulfilment of two conditions: the attainment of the pensionable age, i.e. 64 years, and contribution payments during at least one year. However, it is also possible to opt for early retirement at 60 years of age. By contrast, retirement can also be deferred up to the age of 70. In 2009, about 14,750 people received a retirement pension. Worth mentioning, out of the total beneficiaries, more than 5,800 persons received an early retirement pension, which equals to almost 40%. While the overall number of beneficiaries increased by 4.5% compared to 2008, the number of early pensioners increased by 11.5%.

The amount of the retirement pension depends, most notably, on the contribution period, i.e. the length of time contributions have been paid, and on the relevant income, i.e. the annual average earnings. Moreover, the moment when pension payments start is relevant, as the retirement pension is reduced for early retirement and increased for deferred retirement. In 2009, retirement and survivors' pensions at the total amount of ca. CHF 214 million (ca. EUR 163 million) were paid out. Thus, in 2009 the total income from contributions was CHF 5 million (ca. EUR 3.8 million) less than the total expenditure for pensions. However, due to the above mentioned massive profits from investments, the *AHV* concluded with a profit of CHF 278 million (ca. EUR 211 million) at the end of the year. For 2010, the situation of the *AHV* appears to be similar: due to high profits from investments, the *AHV* apparently yields an overall profit of more than CHF 100 million (more than EUR 76 million) in 2010.[12]

Beneficiaries of retirement pensions who are in need, i.e. those who meet a means test, and reside in Liechtenstein can fall back on supplementary benefits (*Ergänzungsleistungen*). This is a measure against poverty in old age. The costs for these benefits are paid half by the state and half by the municipalities. In 2009, about 370 persons received supplementary benefits to their retirement pension, which is more or less the same as in 2008.

The *AHV* is administered by the Old-Age and Survivors' Insurance institute (*AHV institute*), an agency under public law, which is subject to supervision by both Parliament and Government. To cover its administrative costs, the *AHV* institute levies a special contribution. This contribution must be made by the employer, the self-employed, the non-active insured, the voluntarily insured and, under certain circumstances, the employee. In 2009, the administrative budget closed with a surplus of CHF 0.84 million (ca. EUR 0.64 million). In the year before, the surplus was 1.04 million (ca. EUR 0.98 million).[13]

[10] With only one slight decrease in contribution income in 2003.

[11] It was the second time that the AHV made an investment loss. The first time was in 2001/2002, after the burst of the dot.com bubble.

[12] See *Liechtensteiner Volksblatt*, *Gutes Jahr für die AHV*, 22 March 2011; and *Liechtensteiner Vaterland, Lücke zwischen Beiträgen und Leistungen*, 22 March 2011.

[13] For the numbers on 2009 see AHV-IV-FAK, *Geschäftsbericht 2009*.

2.2.1.2 Second pillar

The second pillar consists of employers' pension plans where a distinction is made between occupational pension plans for private sector employees, and the plan for civil servants.[14] The pension insurance for civil servants was recently subject to a major reform.[15]

Obligatorily insured are private sector employees (private plans) and Governmental employees as well as employees of associated corporations in Liechtenstein (plan for civil servants) who are subject to the first pillar pension scheme, who have turned 23 years of age and whose annual earnings exceed a certain threshold. All those employees not subject to mandatory insurance and self-employed persons may opt for voluntary insurance. In early 2009, almost 32,000 people were insured under second pillar pensions for employees in the private sector and almost 3,900 persons were insured under the civil servants' pension scheme. 90.2% of the insured were actively insured (*Beitragszahler*), meaning that they have paid contributions. This is a slight decrease as compared to 90.7% actively insured in 2007. The rest, i.e. 9.8% of the insured, were beneficiaries (*Leistungsempfänger*).

Liechtenstein's employer pension plans are usually fully funded schemes. They are financed by contributions of employers and employees (employer's contribution must be at least equal to employee's contribution), as well as by voluntary contributions of the self-employed. All of them are also required to pay an administrative fee. In 2008, employers' contributions to second pillar pensions (including the second pillar pension for civil servants) amounted to CHF 159 million (ca. EUR 111.5 million) and employees' contributions amounted to CHF 125.5 million (ca. EUR 88 million). Moreover, investment incomes contribute to the financing of occupational pension schemes. End 2008, the funds of all employers' pension plans amounted to an aggregated amount of CHF 3.4 billion (ca. EUR 2.38 billion), which means a reduction by 6.2% as compared to the previous year and is explained by losses of investment income due to the financial crisis.[16]

Entitlement is normally triggered by the attainment of the pensionable age of the insured person. Most of Liechtenstein's employers' pension plans are defined contribution plans. The amount of retirement pensions depends on the accumulated capital and the annuity rate. Benefits may be either paid out as a lump sum or as a periodic payment. The plan for civil servants, however, is a defined benefit plan.[17] There, the pension rate depends on length of the career and the last wages.

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

2.2.2 Reforms

In 2010 and 2011 (until April 2011), a reform of Liechtenstein's first pillar pension system was being initiated by the Government. Since this reform is still subject to discussion, it will

[14] Employer pension plans for private sector employees are legally based on the Act on Occupational Pension Schemes (*Gesetz über die Betriebliche Personalvorsorge*). The legal foundation for occupational pensions for employees of the Government of Liechtenstein is the Pension Insurance Act for Civil Servants (*Gesetz über die Pensionsversicherung für das Staatspersonal*), which is, in turn, based on the Act on Occupational Pension Schemes.

[15] For more information on this reform see the asisp Annual National Report 2009 on Liechtenstein.

[16] For the numbers on 2008/2009 see Finanzmarktaufsicht Liechtenstein, *Geschäftsbericht 2009*, available at: http://www.fma-li.li/.

[17] Only associated corporations which are commercially oriented and municipalities can opt for a defined contribution plan.

be reviewed below in the chapter 'Debates/political discourse' (2.2.3). Actual changes in the pension system barely took place in the reporting period. Worth mentioning is only a complete reform of Liechtenstein's Unemployment Insurance, which also affected Liechtenstein's first pillar pension system. In addition, a short overview of the indexations of 2011 will be provided.

2.2.2.1 Reform of the unemployment insurance scheme and consequences for the AHV

With effect from 1 January 2011, the unemployment insurance scheme (*Arbeitslosenversicherung*, *ALV*) of Liechtenstein has been completely revised. It was the aim of the legislators to secure its financial stability in the long run. To this end, a number of measures have been introduced, like raising the insurance contribution rate and tightening the entitlement conditions.

For administrative facilitation, and not the least in order to save money, it was decided to entrust the *AHV* institute with the collection of *ALV* contributions. For this purpose, the legal definition of employee and the legal definition of the relevant salary for contribution payment has been harmonised under the *AHV* Act and the Unemployment Insurance Act.

The entrustment of the *AHV* institute with the collection of *ALV* contributions also entails that the *AHV* institute can now offset *ALV* contributions against *AHV* benefits.[18] In other words, a contribution claim under the *ALV* can lead to a reduction of *AHV* benefits. Until now, an offset of *AHV* benefits was only possible with contribution claims under the *AHV*, the Invalidity Insurance and the Family Allowance Fund. The new measure should allow for more efficiency and effectiveness of the collection of insurance contributions.[19]

Moreover, since the reform of the *ALV*, *AHV* contributions are levied on unemployment benefits.[20] Until end 2010, benefits under the *ALV* Act were exempted from *AHV* contribution payment.

2.2.2.2 Indexations

The *AHV* Act provides for an indexation of benefit rates every two years. This mechanism is currently subject to discussion, as it will be outlined below in chapter 2.2.3.1. However, since a new mechanism has not yet been implemented, and since the last indexation took place in 2009, the Government adjusted the benefits for 2011. From January 2011 on, AHV benefits will be increased by about 1.8%, based on the development of wages and consumer prices.[21] The last increase in 2009 amounted to about 3.2%.

2.2.3 Debates and political discourse

2.2.3.1 AHV reform

In 2010, a reform of Liechtenstein's first pillar pension system, the *AHV*, was initiated by the Government. The background of the reform is the Government's plan to consolidate public finances. As outlined in chapter 2.1, the current austerity measures include cutting the public subsidies for the *AHV* pension system. Currently, the Government contributes to the *AHV*

[18] See Article 54(2) of AHV Act.

[19] Liechtenstein Government, *Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend die Totalrevision des Gesetzes über die Arbeitslosenversicherung (Arbeitslosenversicherungsgesetz; ALVG),* Nr. 88/2010.

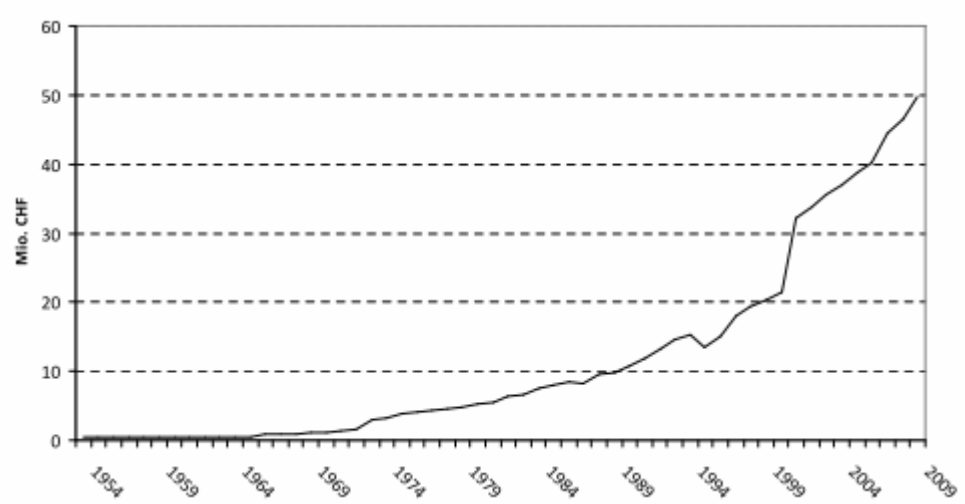
[20] See Article 6(2)(a) of AHV Regulations.

[21] See *Verordnung vom 30. November 2010 über die Anpassung der Alters-, Hinterlassenen- und Invalidenversicherung an die Lohn- und Preisentwicklung* (LGBl. 2010, Nr. 382).

funds with 20% of the fund's annual expenditure, paid out of the general revenues, and with two thirds of the income from the capacity-linked levy on heavy goods vehicles (*LSVA-Abgabe*). The reform plans envisage fixing the Government's contribution to the *AHV* at a fixed sum in order to reduce subsidies and reach higher planning reliability. In more detail, the annual subsidies should be fixed at CHF 50 million (to be indexed), which is lower than then the current subsidies (CHF 53 million for 2010). The rules to pay 20% of the expenditures and to dedicate parts of the *LSVA* tax to the *AHV* will accordingly be repealed.

The state subsidies to the first pillar pension system have increasingly become a burden to Liechtenstein's national budget. While the subsidies increased slowly in the first decades after the introduction of the *AHV* system, they rose sharply in the past ten years. In 2009, the Government subsidies were by 143% higher than in 1999 (see Figure 1 below).

Figure 1: State subsidies to the AHV[22]



As the national budget needs to be consolidated, the Government intends to freeze the annual state subsidies at CHF 50 million, except for the indexation. According to first estimates, this measure will save CHF 15 million (ca. EUR 11.5 million) of the national budget in 2015, when the measure is intended to be implemented, and even more in the years thereafter.

For the *AHV*, which since 2003 pays out more than it collects from contributions of the insured, the reduction of the state subsidies results in a loss of revenues. Therefore, the Government plans to introduce compensation measures. These measures include higher reduction rates for early retirement pensions, the adaptation of the indexation mechanism, and an increase of certain *AHV* contributions.

Regarding higher reduction rates for early retirement, the Government plans to base the reduction rates on actuarial calculation – which has not been the case thus far. In future, the reduction rate for retirement will be:

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

[22] Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV*, RA 2010/3024-6000 (1 February 2011).

The *AHV* fund's savings due to higher reduction rates will depend on the early retirement behaviour of the insured. The Government of Liechtenstein acknowledged that it is not possible to seriously predict to what extent these new early retirement rules may influence the retirement behaviour of the insured.[23] If the early retirement behaviour of the insured does not change, the savings will be CHF 0.24 million (ca. EUR 0.19 million) in 2016, the year in which the measure is intended to be implemented. If the higher reduction rates prevent people from early retirement, the savings will obviously be greater. For instance, if there are 5% less early retirements, it is estimated that savings will amount to CHF 1.34 million (ca. EUR 1 million) in 2016.[24]

The second measure concerns the adaptation of the indexation mechanism. Currently, the Government adjusts the *AHV* retirement pensions every two years to the development of wages and consumer prices. To be more precise, the adjustment is based on the arithmetic average of the wage index and the consumer price index. According to the Government, the adjustment should only be based on the consumer price index in the future. The Government assumes that the wage index will continue to be higher than the consumer price index and therefore expects savings for the *AHV* funds. The Government reckons that if the measure was implemented in 2012, the wage index was 1.5%, and the consumer price index was 1%, the savings in 2013 would amount to CHF 0.66 million (ca. EUR 0.51 million).

In contrast to the current legal situation, index-based pension adjustments should only be mandatory in the future if the consumer price index was 3% higher than the consumer price index at the last adjustment. The current rule that adjustments should be made every two years[25] is no longer part of the legislative proposal.[26] Moreover, the legislative proposal prohibits pension indexations if the assets of the *AHV* funds in the previous year are less than five times the funds' annual expenditure. In 2010, the assets of the *AHV* funds were 10.6 times the annual expenditures.

The third compensation measure foresees a slight increase of certain AHV contributions. In more detail, the AHV contributions of employers and self-employed people will be raised by 0.1 percentage points. Thus, the employers' contribution will rise from 3.8% to 3.9% and from 7.6% to 7.7% for the self-employed. The employees' share of the contributions (currently 3.8%) will not be raised. Employers and self-employed, in turn, will enjoy a reduction of their family allowance contributions by 0.1 percentage points. In other words, the financial burden for employers and self-employed will remain the same. The contribution shift from the Family Allowance Fund to the *AHV* Fund is argued by the steady and stable expenditures of the family allowance insurance in the past decade. This, according to the Government, justifies a reduction of family allowance insurance contributions.

The Government estimates that the three compensation measures will ease the financial losses for the *AHV*, but will not completely compensate for the reduction of state subsidies. Despite this estimation, the Government does not intend to implement further consolidation measures. The reduction or abolition of the Christmas bonus and the introduction of a target pension rate have been considered, but the ideas were eventually discarded by the Government.

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[23] Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV*, RA 2010/3024-6000 (1 February 2011)., p. 22-23.

[24] Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV*, RA 2010/3024-6000 (1 February 2011).

[25] See Article 77bis (1) *AHV* Act.

[26] See Article 77 of the legislative proposal.

In public, the raise of the retirement age has been discussed intensely starting in the beginning of 2010 when Prince Hans-Adam II von und zu Liechtenstein proposed to raise the regular retirement age from 64 to 70 and continued with the presentation of the European Commission's Green Paper towards adequate, sustainable and safe European pension systems.[27] Opinion polls showed that the population strongly rejects this proposal.[28] The Government did not touch on the retirement age when proposing its compensation measures for the reduction of state subsidies.

The road map for the initiated reform is as follows: the Government published the draft bill (*Vernehmlassung*) on 1 February 2011. The deadline for comments was 22 April 2011. The Government has since been considering possible comments and will submit a Governmental Bill (*Bericht und Antrag*) to the Parliament. The Parliament will then discusses the proposed *AHV* reform and, most likely, vote for it. The reform will enter into force between 2012 and 2016, depending on the concrete measure.

The Government is well aware that further measures need to be taken in the future in order to secure the financial sustainability of Liechtenstein's first pillar pension system. This has been emphasised by public statements of the Progressive Citizens' Party (FBP), the junior partner in the coalition Government,[29] and is also reflected in the Agenda 2020, namely by appointing an expert committee for the regularly monitoring of the development of the *AHV*.[30]

2.2.3.2 Equal treatment of same-sex civil unions in old-age security systems

The Government proposed the full legal recognition of same-sex partnerships in Liechtenstein by introducing the legal institution of same-sex civil unions.[31] According to the proposal, same-sex civil unions will, by and large, have the same legal consequences as marriages. This means that they will be treated equally in inheritance law, social security law, tax law and all other relevant fields of law. Only adoption and the application of reproduction health should not be allowed for same-sex civil union partners.

To operationalise the introduction of same-sex civil unions and the principle of equal treatment, the Government plans to introduce an Act on Same-Sex Civil Unions (*Gesetz über die eingetragene Partnerschaft gleichgeschlechtlicher Paare*) and to amend a number of existing laws. Concerning equal treatment, the Government opted for introducing general clauses in the relevant laws, stipulating that same-sex civil union and marriage are to be treated equally. This concerns, amongst other laws, the laws regulating the first and second pillar pension schemes. The most obvious consequence will be that same-sex civil union partners will be able to qualify for survivors' pensions. As to retirement pensions, for instance, same-sex partners will be able to claim the retirement pension at a higher rate in case of being widowed; they will be able to get periods of care for their dependent partner as being considered as insurance periods; and, this concerns second pillar pensions, in case of

[27] *Liechtensteiner Vaterland*, *Auszug aus Geburtstags-Interview mit Fürst Hans-Adam II von und zu Liechtenstein – "Wir sollten das Rentenalter schrittweise hinaufsetzen*" 13 February 2010; *Liechtensteiner Volksblatt, Diskussion neu entfacht: EU hält Rente mit 70 für notwendig*, 15 July 2010.

[28] *Liechtensteiner Vaterland*, *Wochenumfrage*, 23 February 2010. See also *Liechtensteiner Volksblatt*, *Volksblatt-Umfrage: Was halten Sie von der Rente ab 70 Jahren?*, 20 February 2010.

[29] *Liechtensteiner Vaterland*, *FBP unterstützt Neuregelung der AHV*, 3 March 2011; *Liechtensteiner Volksblatt*, *FBP fordert AHV Revision*, 3 March 2011.

[30] Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV*, RA 2010/3024-6000 (1 February 2011).

[31] Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Schaffung eines Gesetzes über die eingetragene Lebenspartnerschaft gleichgeschlechtlicher Paare (Lebenspartnerschaftsgesetz, LPartG) sowie die Änderung weiterer Gesetze*, RA 2009/3026-0141 (13. April 2010).

terminating a civil union, future pension rights will be divided between partners. For the means tested supplementary benefits under the first pillar pension system income and means of the civil union partner will be taken into account for establishing entitlement to the means-tested benefit.

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

In March 2011, the Government's proposal on same-sex civil unions had been passed by Parliament unanimously. However, shortly thereafter, a citizens' initiative ("*Vox populi*") collected sufficient signatures for making a referendum to prevent the legal recognition.[32] It is now up to the people of Liechtenstein to decide on the legal recognition and the equal treatment of same-sex partnerships in a referendum that has been scheduled by the Government on 17-19 June 2011.[33]

2.2.3.3 Other debates/political discourse

In addition to the above discussed reform plans, other issues relevant for this report have been under public discussion in Liechtenstein, which will be shortly outlined in the following.

To begin with, the Government intends to change the early retirement mechanism in the pension plan of civil servants. No details about the envisaged reform have been published before the closing date of this report. The Head of Government held a press conference in March 2011, indicating that the early retirement mechanism shall be reviewed, and that in the future the earliest possibility to retire for civil servants should be 62 years of age.[34] Currently, they may opt for early retirement already at 58.[35]

In September 2010, the Parliament discussed a petition of a citizen of Liechtenstein, which concerned the second pillar pension system. The citizen complained that his wife, who has ten different employers, is not covered by an occupational pension scheme since her income at each of the employers is below the relevant threshold for coverage. Members of the Parliament acknowledged that the threshold, which is only relevant in relation to an individual employer, may cause problems for employees who have more employers and who only receive a rather small income from each of these employers. Some Members of Parliament (MPs) even saw a lacuna in law and pleaded for coverage of persons in such situations. Other MPs again warned against the rising costs for employers in case of lowering the threshold and the possible consequence that part time jobs will not be affordable anymore for employers. Eventually, the Parliament decided to ask the Government to formulate a statement, in which the Government shall inform about the advantages and disadvantages of the current rule and make suggestions for a possible solution.[36]

In general, there is hardly any discussion in Liechtenstein on old-age poverty. However, against the background of the European Year for Combating Poverty and Social Exclusion, the Liechtenstein Senior Citizens Association (*Liechtensteinischer Seniorenbund*) organised a

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[32] *Liechtensteiner Vaterland*, *Partnerschaftsgesetz: Doch noch Widerstand,* 28 March 2011, and *Liechtensteiner Vaterland*, "Vox populi" übergibt Unterschriften der Regierung*,* 21 April 2011.

[33] *Liechtensteiner Vaterland*, *Partnerschaftsgesetz: Volk entscheidet Mitte Juni,* 27 April 2011.

[34] *Liechtensteiner Vaterland*, *Regierung setzt Sparkurs fort,* 3 March 2011. See also *Liechtensteiner Volksblatt*, *Sparpaket von 100 Millionen geplant: Regierung Tschütscher sieht sich bei Sanierung des Landeshaushalts auf gutem Weg*, 3 March 2011.

[35] Article 30 of Pension Insurance Act for Civil Servants.

[36] Parliament of the Prinicipality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 22. September 2010.*

seminar on this topic. Speakers at this seminar came to the conclusion that Liechtenstein does not have the problem of old-age poverty. According to Government statistics, only 10.5% of the elderly are considered as having a low income.[37] Experts assume that this number is actually too high and that most of these 10.5% low income seniors have income that was not covered by these statistics. It was emphasised also that the number of recipients of supplementary benefits to a low-income pension has been steady in recent years. In addition, experts pointed to opinion polls amongst Liechtenstein's senior citizens which show that only 1% of the respondents complain about not being able to afford things they want.[38]

2.2.4 Impact of EU social policies on the national level

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

This is the reason why, in general, the OMC and its objectives are not explicitly mentioned in public documents on the national level. The same applies for other "soft law" strategies of the EU, like the year of active ageing. It can, however, not be excluded that certain aspects are taken up in national reform strategies without explicitly referring to a specific EU strategy.

However, as mentioned above, the EU Green Paper on Pensions did not go unnoticed by Liechtenstein's press. In particular, the fact that it recommends to increase the age at which one stops working and draws a pension has been heavily discussed in the media and public. Opinion polls, however, show a strong opposition to such measures.

2.2.5 Impact assessment

Liechtenstein with about 36,000 inhabitants is a small country. Accordingly, the number of universities and research institutions is very limited. There are four academic institutions in Liechtenstein.[39] Between January 2010 and April 2011, none of them has carried out research in the field of social protection relevant for this report. Neither have universities and research institutions from neighbouring countries done so in respect to Liechtenstein.

Moreover, Liechtenstein is *not* a member of a number of international organisations, most notably, the International Monetary Fund (IMF), the World Bank, the International Labour Organisation (ILO), or the Organisation for Economic Cooperation and Development (OECD).[40] This is also a reason why Liechtenstein's pension system was not subject to assessments by these international organisations in the relevant period.

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[37] This refers to Government statistics of 2008.

[38] *Liechtensteiner Vaterland*, *Eine Altersmedaille mit zwei Seiten,* 16 November 2010; *Liechtensteiner Volksblatt*, *Altersarmut und Ausgrenzungen*, 16 November 2010.

[39] *Universität Liechtenstein* (University of Liechtenstein), *Private Universität im Fürstentum Liechtenstein* (Private University of Liechtenstein), *Internationale Akademie für Philosophie* (International Academy of Philosophy) and the *Liechtenstein-Institut*.

[40] It should be mentioned that the Government of Liechtenstein is currently advocating Liechtenstein's accession to the IMF and World Bank Group. However, a formal membership application has not yet been submitted.

However, in February 2011, Liechtenstein was assessed by the UN Committee on Elimination of All Forms of Discrimination against Women.[41] Amongst other concerns, the Committee expressed its concern about the persistent gender wage gap in Liechtenstein and about the fact that women are concentrated in lower-paid jobs and part-time work. The Committee points out that this adversely affects pension benefits of women. Therefore, the CEDAW Committee recommends Liechtenstein to adopt policies and take all necessary measures to achieve substantive equality of men and women in the labour market and to "counteract any adverse consequences of part-time work for women, especially with regard to their career development options as well as pension and other social security benefits".[42] The assessment of the Committee is a reaction to the self-assessment by the Liechtenstein Government, which – as has been outlined in the previous asisp Annual National Report 2010 – was already rather critically towards the equal treatment policy on the labour market.

Moreover, the Annual National Report 2009 on Liechtenstein discussed the expert report on the long-term financial stability of Liechtenstein's first pillar pension system, issued by the Institute for Insurance Economics at the University of St. Gallen, Switzerland. This expert report was already presented in November 2008. Nevertheless, this report still provides the basis for the current discussion on the reform of the AHV.[43] No newer assessments of Liechtenstein's first and second pillar pension system were carried out. Incidentally, there have been also no other relevant assessments, such as assessment on the labour market participation of the elderly or on poverty in old age.

2.2.6 Critical assessment of reforms, discussions and research carried out

The proposed changes in the *AHV* first pillar pension scheme primarily serve the purpose of consolidating the state budget. This goal is achieved by cutting the state subsidies to the *AHV* funds. In return, the Government suggested three measures to, at least partially, compensate for the *AHV*'s loss of funds. These measures appear not to pose a disproportional burden on retirees, actively insured persons or employers: the rise in pension contributions will be fully compensated by lower family allowance contributions; and both the new indexation mechanism and the new higher reduction rate for early retirement pensions will not fundamentally change the income situation of retirees. All in all, the measures are socially justifiable. The question is, however, whether the measures will be sufficient to secure the financial sustainability of the *AHV* funds.

The proposed measures will certainly not bring much additional revenues. Quite the contrary, if one takes into account also the cut of state subsidies, the proposed reform will lead to less revenues for *AHV* funds. The *AHV* funds still has extraordinary financial reserves. End of 2009, the assets of the funds amounted to CHF 2.32 billion (ca. EUR 1.76 billion), with only 19,200 beneficiaries of retirement and survivors' pensions. This means that the *AHV* funds would be able to pay out benefits for almost eleven years, without any income. In an international comparison, this is rather unique. On the other hand, Liechtenstein is also confronted with demographic change. Still, an expert team of the University of St. Gallen saw no need for immediate action, but recommend taking action in the long run to avoid a

[41] As reported in the previous asisp Annual National Report 2010, Liechtenstein is a state party to the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and submitted in the beginning of 2010 its fourth periodic country report to the Supervisory Committee of the Convention.

[42] *Committee on the Elimination of Discrimination against Women, Concluding observations of the Committee on the Elimination of Discrimination against Women*, Forty-eighth session, 17 January – 4 February 2011, Doc No: CEDAW/C/LIE/CO/4, 8 February 2011.

[43] Liechtenstein Government, *Vernehmlassungsbericht der Regierung betreffend die Neuregelung des an die Alters- und Hinterlassenenversicherung (AHV) ausgerichteten Staatsbeitrages sowie der Einführung von Maßnahmen zur finanziellen Sicherung der AHV*, RA 2010/3024-6000 (1 February 2011).

dramatic decrease of the *AHV* funds assets. Indeed, it seems that there is no reason to take action too hastily. Even in times of crisis, the *AHV* funds performed well. It seems also reasonable to propose the appointment of an expert committee for the regularly monitoring of the development of the *AHV*. This should allow for continuity and timely intervention.

The planned adaptation of the early retirement rules for civil servants (raise of retirement age) has to be welcomed. In particular as during the last review of the pension plan for Government employees in 2008 almost only measures on the revenue side were taken and hardly any measures with respect to expenditures, such as the promotion of longer working lives. This fact was already criticised in the asisp Annual National Report 2009.

Another step forward is the Government's plan to provide for equal treatment of same-sex partnerships in Liechtenstein's pension laws. This initiative is in line with the non-discrimination policy of the European Union and the Council of Europe. It will be seen whether the national referendum will prevent the law from entering into force.

2.3 Health Care

2.3.1 The system's characteristics

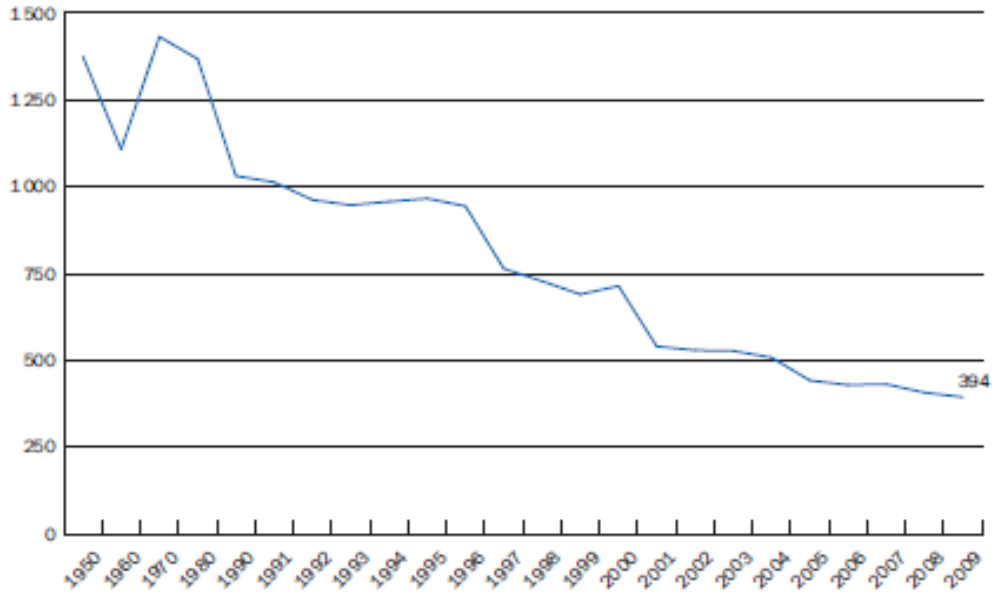
Every person residing or working in Liechtenstein is subject to mandatory health insurance (*obligatorische Krankenpflegeversicherung – OKP*).[44] In 2009, 36,346 persons were covered by the Liechtenstein health care system, of which ca. 95% are Liechtenstein residents.[45] An insured person may seek treatment from every health care provider who has a contractual relation with the Liechtenstein Association of Health Insurance Funds (*Liechtensteinischer Krankenkassenverband,* hereafter referred to as *"LKV"*). This contract allows the health professional to provide services subject to agreed tariffs with the insurance funds. If a professional association exists for a medical profession (e.g. the Medical Association), it can conclude a contract with the *LKV* which is valid for all professionals who are member of this association.[46] This concept is subject to the principle of territoriality, which means that the *LKV* can only conclude agreements with foreign service providers, if the professional association agrees to it.

All health care providers who are connected to the *LKV* can claim directly the reimbursement of their services with the three existing health insurance funds (*CONCORDIA, SWICA* and *Freiwillige Krankenkasse Balzers - FKB*). Thus, the patient does not have to pay for the treatment in advance (i.e. benefit-in-kind system). In case a health professional is not accredited with the *LKV* ("private doctor"), the insurance funds reimburse 50% of the costs which the insured had to pay to the service provider (who is also not bound by the tariffs of the *LKV*). For the rest, the patient has to cover the costs himself/herself or take out private insurance. Since 2004, only a limited number of health care providers can join the public health care system (*Bedarfsplanung*).[47] It is the *LKV* and the Medical Association (*Ärztekammer*) who decide on the number of doctors under the public system.[48] Currently, about 95 doctors who hold a permission from the Office for Public Health (*Amt für*

[44] Article 7(1) of the Health Insurance Act (*Krankenversicherungsgesetz – KVG*) (LGBl. 1971 Nr. 50).
[45] *Statistisches Jahrbuch Liechtenstein 2011*, page 257.
[46] Liechtensteiner Vaterland, 20 March 2009.
[47] Between 1999 and 2004, a system of family doctors was in place (*Hausarztsystem - Gesundheitsnetz Liechtenstein (GNL)*). A doctor was either part of the public system (100% reimbursement for patient) or not (0% reimbursement). This system was introduced after the accession to the EEA, a consequence of which was that doctors from other EEA States were increasingly settling in Liechtenstein.
[48] Article 16(2) of KVG.

Gesundheit) to practise in Liechtenstein are associated with the public health care system.[49] This number has been steadily rising in the past, as shown in the Figure below, where the number of doctors in relation to patients is presented over the years.

Figure 2: Doctors in Liechtenstein 1950 – 2009 (1 doctor on … patients):



Source: Statistisches Jahrbuch Liechtenstein 2011, page 262.

When it comes to hospital treatment, contracts are not concluded with the *LKV*, but with the Liechtenstein Government, which has the responsibility to provide for hospitals, care homes, and other institutions in the field of health care. There exist several agreements with medical institutions outside Liechtenstein, primarily Switzerland and Austria, in which the free access of persons insured under the Liechtenstein health care system is granted.[50] Also in this case, the medical institution has direct access to the Liechtenstein insurance funds and the patient does not have to pay in advance for the services. If an insured person seeks treatment in a foreign hospital which does not hold an agreement, reference tariffs are applied, where the patient is liable to co-payments.

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

The contributions are calculated not as a percentage of income, but *per capita* (*Kopfprämien*). Children up to the age of 16 are exempted from this rule, persons up to the age of 20 must cover 50%. Persons under a certain threshold of income per year may profit from a reduction of up to 40% of the amount of the contributions (*allgemeine Prämienverbilligung*). For couples the threshold is currently CHF 54,000 (ca. EUR 41,000), and for singles CHF 45,000 (ca. EUR 34,000). For persons in full employment in 2010, the contributions, amounting to CHF 239 (ca. EUR 181) per month, are paid by 50% each by the employer and the employee.[51]

[49] List on website of *Amt für Gesundheit* (http://www.llv.li/il-pdf-llv-ag-aerzteliste_januar.pdf), retrieved on 31 January 2011.
[50] See list on website of the *LKV* (http://www.lkv.li/Links/tabid/1018/language/de-CH/Default.aspx).
[51] Article 22(8) KVG.

Persons between the age of 21 and 65 have to pay CHF 200 (ca. EUR 152) as a yearly lump-sum co-payment, plus 10% of the actual costs for every service. For 'original' medication the co-payment is 20%, if the medication could be replaced by generic medication and no medical assessment would oppose the application of the latter medication, otherwise also 10%. The maximum for co-payments per year is CHF 600 (ca. EUR 455). This total of CHF 800 (ca. EUR 600) is reduced to 50% for persons having reached the retirement age of 65. Persons up to the age of 21 do not have to make co-payments for health care services.

The State finances health care in particular via three instruments:

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

The amount of state subsidies (*Staatsbeitrag*) is fixed for every year based on Article 24(a)(2) KVG (Health Insurance Act (*Krankenversicherungsgesetz*)). While until 2010 the amount was increasing each year, reaching its peak in 2010 with CHF 57 million (ca. EUR 43 million for 2010), in 2011, the amount was lowered to CHF 54 million (ca. EUR 41 million).[52] The latest available date from 2009 shows that state subsidies make 59% of the total costs of health care in Liechtenstein.[53]

2.3.2 Reforms

2.3.2.1 State subsidies (Staatsbeitrag)

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

The current proposal was based on the growth rate of subsidies as described above, in view of the health care system having had a better result in the past two years than expected. Moreover, the introduction of the care allowance, which is financed from a different fund, relieves the health budget by CHF 1.7 million.[55] Therefore, it appeared reasonable to the Government to reduce subsidies by CHF 3 million for 2011.

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[52] See discussion below at chapter 2.3.2.1.

[53] *Liechtensteiner Vaterland*, *Staat zahlt mehr als Versicherte*, 25 May 2010.

[54] Liechtenstein Government, *Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend den Staatsbeitrag an die Kosten der obligatorischen Krankenpflegeversicherung der übrigen Versicherten für das Jahr 2011*, *Nr. 75/2010*.

[55] Liechtenstein Government, *Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend die Abänderung des Gesetzes über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (ELG) und weiterer Gesetze (Einführung eines Betreuungs- und Pflegegeldes bei Hauspflege), Nr. 162/2008* and *Stellungnahme zu den anlässlich der ersten Lesung betreffend die Abänderung des Gesetzes über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung*

Statistics show that the gross costs increased in the *OKP* in the period 2004–2009 by CHF 102.7 million to CHF 135.6 million, corresponding to an increase of CHF 32.9 million (+32.0%) or an annual average increase of CHF 6.6 million (growth rate of +5.7%). Proportionately, the state subsidies (including subsidies for children) increased in the same period from CHF 45.3 million to CHF 59.0 million, corresponding to an increase of 13.7 million CHF (+30.3%), or an average annual increase of 5.4%, while the average premium in the same period (2004–2009) was growing at an annual average of 2.5%. From these figures it can be derived that the state subsidies in reality serve to a large extent as a general reduction in premiums for all policy holders.[56]

Whereas, on the occasion of the revision of the *KVG* in 2003, which took place primarily in terms of cost control and cost containment, it was concluded that it should not be regulated in the law itself that the state contributions be a fixed percentage which must equal the total cost of health care. Annual contributions should be based on a Parliament decision. This principle entails that the state contribution would grow always proportionally, in relation to health insurance, to the increase in costs in the *OKP*. The State should see to it that this is in accordance with the actual resources of the country. With regard to the need for recovery of the national budget it has to be noted that adjustments are made to the state contributions.

Controversial opinions were brought forward in the discussion in Parliament, i.e. decreasing state subsidies means that the insured have to pay higher contributions. Other delegates thought that the decrease was not going far enough, in particular as the health care system would still lack transparency. In the end, the proposal was accepted by a majority in the Parliament, and the amount of CHF 54 million was approved.[57] Consequently, the premiums for the insured persons were raised by 6.7% for the year 2011, amounting to CHF 255 on average.[58]

2.3.2.2 Transparency of the health service providers

On 29 March 2010, an initiative of 10 deputies was brought forward to Parliament concerning the publication of turnovers of service providers in the medical sector, including doctors, therapists, hospitals, etc. The purpose of this initiative is to create a legal basis that enables the health authority (*Amt für Gesundheit)* to publish the turnover of medical service providers anonymously sorted by categories of services. This is to enhance transparency of the system, revealing where the money goes and to filter out the "black sheeps" in the system.

This initiative was discussed in a plenary session of 21 April 2010 in the Parliament. Some MPs were against this initiative arguing that there could be no anonymous publication due to the small number of service providers in Liechtenstein who could be traced back. This would constitute a data protection problem. Moreover, it is also not clear what the outcome of such data should be. Are service providers with a high turnover to be considered as "bad" for the health care system? What are justified and unjustified costs? In order to determine this, each patient would have to be interviewed to get a realistic answer.

Another highly discussed issue in this context was the self-dispensation ("*Selbstdispensation*") of medication by doctors. While some delegates thought this right would only lead to more "unnecessary" prescriptions by doctors, as they would earn money

(ELG) und weiterer Gesetze (Einführung eines Betreuungs- und Pflegegeldes bei häuslicher Betreuung), BuA Nr. 162/2008, aufgeworfenen Fragen, Nr. 45/2009.

[56] See reference in footnote 55, on page 19.

[57] See *Protokoll über die öffentliche Landtagssitzung* of 29 June 2010, page 1021, and *Liechtensteiner Vaterland, Staatsbeitrag um drei Millionen gekürzt*, 30 June 2010.

[58] *Liechtensteiner Vaterland*, *Krankenkassenprämien steigen um 6,7%*, 27 November 2010.

with it, others emphasised the advantages of this possibility: Considering that pharmacies are not equally distributed in Liechtenstein this facilitates particularly the life of sick or old persons who do not have to take the extra turn to the pharmacy in another town.[59]

In the plenary session of the Parliament of 24 November 2010, the initiative for an amendment of the *KVG* was adopted which entered into force on 1 January 2011.

However, the Medical Association refuses to go along with such a proposal as these numbers could lead to wrong conclusions. According to the chamber, it does not mean that doctors with higher turnovers are abusing the system, but only that they have patients which have rare or complex diseases where treatment is expensive. This could end up in the fact that persons with such diseases would not find a doctor in Liechtenstein anymore who would want to treat them, being afraid of stigmatisation. Most members of the *Vaterländische Union (VU)* disagreed that an "anonymous publication" could have this effect.[60] Moreover, representatives of the Association of Health Service Providers (*Dachverband von Berufen der Gesundheits-pflege*) commented that there is data already now available which allows to trace money flows and find the "black sheeps" in the system. The competent authorities were even informed in the past about irregularities, but have failed to act in those cases. This proposal for an amendment would just lead to insecurities on the side of the service providers in the field of health care, as it is not clear how the data will be interpreted. Basically, the amendment is to be seen as contradictory to the Liechtenstein Constitution and should be abolished by the Constitutional Court.[61] At the cut-off date of the report, it was not yet clear whether or not the law would be assessed by the Court.

2.3.3 Debates and political discourse

In the Governmental programme "*Agenda 2020*", under the heading "increase quality of life", the objectives in the field of health care were explicitly addressed. In this context, the overall objective of the maintenance of equal access to high level health care for everyone was emphasised. To this end, the adaptation of the system to the ageing of the population and thus guaranteeing the sustainability of the system is envisaged by introducing elements of self-responsibility.

However, already before having published the "*Agenda 2020*", a major initiative had been started with a request from the Parliament for a report on an overview of the Liechtenstein health care system, in particular illustrating scenarios about how the Liechtenstein health care system could or should develop in the future. This report was submitted by Governmental Bill (*Bericht und Antrag*) Nr. 51/2010 on 4 May 2010.[62] The report of nearly 400 pages was prepared by all relevant institutions, involving also independent experts. Although about 40 measures were presented, no concrete recommendations were given.[63] The Government committed to present a master plan in the second quarter of 2011 based on these measures in the form of a draft bill (*Vernehmlassung*).[64] The main topics of the report shall be briefly outlined here.

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[59] See *Protokoll über die öffentliche Landtagssitzung vom 21. April 2010*, pages 315-364 and *Liechtensteiner Vaterland, Umsätze sollen publiziert werden,* 25 November 2010.

[60] Published in *Liechtensteiner Volksblatt* of 8 April 2010 and on the website of the *Liechtensteiner Ärztekammer* (http://www.volksblatt.li/?newsid=42885&src=vb&region=li).

[61] *Liechtensetiner Vaterland*, *Hohe Transparenz bei Gesundheitskosten*, 3 December 2010.

[62] *Liechtensteiner Vaterland, Wegweiser für Gesundheitswesen*, 8 May 2010.

[63] See discussion in the Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 26. Juni 2010*, pages 674-701.

[64] *Liechtensteiner Vaterland, Keine Mengenausweitung durch das MRI*, 21 March 2011.

The report describes the potential developments of the Liechtenstein health care system along four streams: the increase of effectiveness and efficiency based on incentives for service providers; tailoring the access to health care in relation to actual need; guaranteeing high quality for inpatient and outpatient care; and, in terms of financing, the objective of primarily funding the system via contributions and cutting down on state subsidies. All this against the background of the simple formula: costs = quantity x price. It is emphasised that in order to be able to realise any of the above objectives, it is necessary that the four stakeholders – the insured persons, the service providers, the health insurance funds and the state – cooperate actively and carry along also some unpopular measures for the group they represent.

Essentially, seven core principles are elaborated on in this report: Firstly, the self-responsibility of patients should be enhanced by increasing contributions and co-payments, introducing daily co-payments for a stay in hospital and offering different insurance models in terms of contributions and co-payments. Secondly, achieving a reduction of treatments and medication by revising the catalogue of reimbursable goods and services. This is closely linked to the third principle, i.e. prevention instead of healing, which should reduce the number of necessary treatments and cause less costs. Fourthly, the introduction of a "managed-care system" is also discussed. This would entail the role of a gatekeeper (e.g. general practitioner) who refers the patient to the next link in the chain of health care services and, thus, keeps the system effective and efficient. As the fifth principle, more emphasis should be put on the planning aspect than on a *laissez-faire* approach as has been the case so far. This would mean a clear planning of resources, new treatments and a new strategy for the Liechtenstein State Hospital. As a sixth principle, transparency has to be increased. This includes the creation of a new tariff for doctors and improvement of the "effectiveness/expedience/economic efficiency assessment" (*Wirksamkeits/Zweckmässigkeits/ Wirtschaftlichkeits-Verfahren*, hereafter referred to as "WZW-assessment"). Last but not least, the reduction of costs should not lead to a decrease in the quality of health care. The introduction of a system of measuring standards could be a solution for this problem.

The objectives in the field of health care as set out in the "Agenda 2020" seem thus to be accorded to the draft bill 51/2010 as described above. Parts of this draft bill have already been embarked upon and were subject to specific Governmental Bills to the Parliament. The reforms under discussion are presented below.

2.3.3.1 New tariffs for health care providers

The background: In 2003, health care spending in Liechtenstein was CHF 103 million (ca. EUR 78 million). Compared to 1996, this was an increase of 69%. It was the primary objective to stop this increase of costs. It showed that 30% of those costs were linked to service provided by doctors. In 2004, the Liechtenstein Government proposed to incorporate the Swiss tariff system, called TARMED, in Liechtenstein. In December 2005, the Medical Association rejected the whole concept without any founded arguments.[65] In the end, the *LKV* and the Medical Association agreed in 2006 to a tariff system based on the existing system, which was accepted by the Government. Nevertheless, the discussions of introducing a different tariff system have never silenced.

The reform: The *LKV* and Medical Association finally agreed on a new tariff system for doctors end of August 2010. Even though not the whole package was agreed, the most important tariffs were concluded, in particular for ambulant care, and including a solution to

[65] See discussion in the Parliament of the Prinicipality of Liechtenstein *Protokoll über die öffentliche Landtagssitzung vom 16. Dezember 2005*, page 2358.

the long-disputed automatic indexation of cost of living for the doctors. This proposal was accepted by the Government in November 2010.

However, in the following, the Medical Association accused the Government of a "breach of contract" in relation to the automatic indexation mechanism which was amended by the Government as follows: In the first four years after the introduction of the new tariff there will be no inflation adjustment for the doctors. In the following years, the increase in tax point value (*Taxpunktwerte*) will be based on the inflation adjustment of civil servants, but only if the cumulative inflation rate during those four years reaches at least 4%. In other words, if the salaries of civil servants in Liechtenstein over this period of four years raises by 3.9%, the doctors go empty-handed.

The Government stated, however, that any tariff adjustment would be based on an appropriate decision, taken separately at the request of the social partners. The Medical Association would still not accept this solution and alleged that by existing law the Government cannot independently make a material change to the agreements that are submitted for approval. The Government could either accept or reject a proposal, but not adhere only in part to an agreement. The outcome of the agreement would have been different in as much as no automatic indexation is foreseen.[66] The Medical Association even called for a boycott of the implementation of the new tariff system.[67]

The Government replied that it has the right to make amendments to the tariff agreement and invited the parties to address themselves to the Constitutional Court to decide whether the Government acted rightfully or not.[68] By a declaration of 23 March the *LKV* agreed to accept the proposal as amended by the Government.[69] However, the Medical Association insists on its initial position. Still, it agreed to meet again and discuss the issue of indexation. It is even open to accept lower indexation for doctors, but only if the public officials would be subject to the same scheme.[70] To be continued…

2.3.3.2 Liechtenstein State Hospital

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

Therefore, on 25 July 2008, the Government set up a working group with the aim of laying the groundwork for the possible renovation or new construction of the *LLS* consisting of representatives of the Ministry of Health, social services, the city engineering office, the hospital itself, and external specialists. On 22 October 2009, a first report was presented proposing a new building on the existing site.[71] On 16 December 2009, the Working Group submitted its report to the political parties and other interested parties with a mandate to initiate a broad opinion-shaping process. On 24 June 2010, the group presented a

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66 *Volksblatt*, *Arzttarif, Ärztekammer wirft Regierung Vertragsbruch vor,* 26 February 2011.

67 *Volksblatt, Ärztekammer akzeptiert Gesprächsangebot*, and *Liechtensteiner Vaterland, Ärzte: Bringschuld des LKV Vorstands,*1 April 2011.

68 *Liechtensteiner Vaterland*, *Tarifpartner können Regierungsbescheid beim FGH anfechten,* 3 March 2011.

69 See website of LKV (http://lkv.li/) and *Liechtensteiner Vaterland*, *Arzttarif: Kassen tragen Beschwerde nicht mit*, 24 March 2011.

70 *Volksblatt*, *Ärztekammer akzeptiert Gesprächsangebot*, 1 April 2011.

71 *LLS (2009): Bericht der Arbeitsgruppe des LLS an die Regierung des Fürstentums Liechtenstein betreffend die Beantragung eines Verpflichtungskredits für den Neubau des Liechtensteinischen Landesspitals vom 22. Oktober 2009.*

supplementary report requested by the Government with a revised strategy and reduced investment costs (CHF 83 million).[72]

On 15 September 2010, a citizens' initiative for the *LLS* (*Bürgerinitiative pro-Liechtensteinisches Landesspital*) was founded, pushing in favour of a new building for the hospital and not for a renovation of the old one. The purpose of the party-independent citizens' action in favour of a new national hospital is to support and promote a primary health care hospital for sick and frail people in Liechtenstein.[73]

In its session of 24 September 2010, one of the most discussed topics in the Parliament (and media) was that the future tasks of the *LLS* had apparently not been determined. While, the Minister for Health refers clearly to the mandate of the Government of 2008 (basic services including i.a. emergencies, internal medicine, urology, gynaecology and transitional care, but no intensive care),[74] it seems that the hospital board (*Stiftungsrat*) has more ambitious plans (increase of 60% of services until 2020 – "competition approach").[75] The discussion in Parliament circled around the premise that Liechtenstein should rather seek a niche for the *LLS*, thus, it should specialise in a certain sector and cooperate with other hospitals in the regions for the rest ("cooperation approach"). A postulate containing questions about future strategies and general circumstances of the LLS, which was introduced by three MPs of the FBP party, did not find a majority, even though, half of the questions addressed in the postulate are still unclear.[76]

Also, the transparency of the hospital was criticised by the Parliament in the sense that the state subsidies were not explicitly mentioned in the calculation of the annual balance sheet for the year 2009. This would make the hospital look more profitable than it actually is.

In December 2010, a new study was presented shedding light on the economic background of building the LLS anew. A competitive strategy was assessed as being financially rather risky. A strategy envisaging cooperation between the hospitals in the region would be better. However, there is apparently not yet enough data available to recommend one particular strategy.[77] This study was very controversial and heavily criticised by the citizens' initiative.

On 16 March 2011, the interpellation request (*Interpellationsantrag*) of 17 February 2011 was discussed in Parliament. This request proposes a strategy of cooperation of four hospitals in the region. It further criticises the growth strategy of the hospital as this could only happen if other hospitals in the region lose patients. It is not clear where such a strategy would lead to in the long run. It was emphasised that based on the cooperation strategy a decision has to be taken whether to build a new hospital or renovate the old one which is not based on the objective of (economic) growth.

Another expert opinion focusing on the macro-economic effects of different hospital strategies was ordered by the Minister for Health. The expert concluded that one cannot only look at the micro-economic aspects of the LLS as such, but also the macro-economic consequences, in the sense that it actually *does* matter where national health insurance funds

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[72] *LLS (2010): Ergänzungsbericht der Arbeitsgruppe des LLS an die Regierung des Fürstentums Liechtenstein betreffend die Evaluation der Meinungsbildung bezüglich der baulichen Zukunft des Liechtensteinischen Landesspitals sowie der Überprüfung der Strategiekennzahlen und der damit verbundenen Finanzkennzahlen sowie der Investitionskosten vom 24. Juni 2010.*

[73] See website www.spitalneubau.li.

[74] See, for more details, *Leistungsauftrag für das Liechtensteinische Landesspital* of 18 March 2008 and in *Liechtensteiner Vaterland, Spital strebt deutlich mehr Fälle an*, 25 October 2010.

[75] See *Jahresbericht des Liechtensteinischen Landespitals 2009* about buying a CT 2009 and MRI in 2010.

[76] *Liechtensteiner Vaterland, UNO-Weltstatistiktag und Gesundheitspolitik*, 23 October 2010.

[77] *Strategie und nachhaltige Finanzierbarkeit des Liechtensteinischen Landesspitals*, Baars, December 2010.

pay the money to. Thus, it has an economic effect in macro-economic terms that the money stays in the country. Moreover, also intangible aspects have to be taken into account, like the security of having a fully-fledged hospital and to be self-contained in that respect. The Minister for Health committed that the study will be made part of the Government bill for the new hospital, but it is not yet known when this document will be ready to be submitted to Parliament.[78]

In parallel, an interpellation was started in the Swiss Canton St. Gallen in February 2011, where the options of a close cooperation were scrutinised. It was concluded that a cooperation strategy would be the best option, however, such a strategy could not be to the disadvantage of the Swiss hospitals.[79] In the end, it is the Liechtenstein Government that has to decide about the strategy, which will not be an easy decision, as it seems that the board of the *LLS* has more ambitious plans. The Liechtenstein Parliament has invited the Government to gather all relevant information before it shall deal with the question whether to grant the funding of a new building for a hospital. Thus, the reply to the Liechtenstein interpellation can be expected at the earliest in May 2011. Around that time bilateral meetings of the Governments of St. Gallen and Liechtenstein will meet to discuss a potential reinforced cooperation of the respective hospitals.[80]

For sake of completeness, it should be mentioned that private investors are about to finalise a project to establish a private clinic in Triesen, Liechtenstein. It should be about half the size of the *LLS* and its main activity will probably be plastic surgery. No official application has yet been addressed to the Government. The Minister for Health supposes that the clinics does not intend to be a competitor for the *LLS*.[81]

2.3.3.3 Effectiveness/Expedience/Economic Efficiency - Assessment (*WZW-Verfahren*)

Already back in August 2008, the then Government submitted an initiative for amendments of the Health Act concerning two issues: the increase of self-responsibility for the insured by introducing a choice between models of high premiums and less co-payments or the other way around, depending on the individual situation of each person. Secondly, a reinforcement of the *WZW assessment* by obliging the health insurance funds to document the auditing control in a yearly report. After a public consultation this proposal was on ice for a while, but a slightly amended version was submitted to the Parliament for a first reading on 8 February 2011.[82]

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

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78 See also *Volksblatt,* 5 April 2011, pages 1 and 3.
79 *Liechtensteiner Vaterland*, *Spitalkooperation: Es liegt an Vaduz, die Offerte zu prüfen,* 12 April 2011.
80 *Liechtensteiner Vaterland*, *Spitalneubau: Landtag fordert Verschiebung der Kreditvorlage*, 2 April 2011.
81 *Wirtschaft Regional*, *Eine Privatklinik für Betuchte*, 2 April 2011.
82 *Bericht und Antrag betreffend die Abänderung des Gesetzes über die Krankenversicherung, Nr. 8/2011.*

The proposal was not undisputed in Parliament and several questions were raised during the plenary session.[83] A second reading might be held before the summer break.

2.3.3.4 Other debates/political discourse

- Medicinal products: A bilateral agreement was concluded in June 2010 with Austria concerning the implementation of new EEA legislation (pharmaceutical package). This package would require to set up an own institution for the authorisation of medicinal products in Liechtenstein, which entailed a huge financial and human resource investment. The agreement foresees the automatic recognition of all medicinal products that have been recognised in Austria, if such an authorisation was at the same time requested for the Liechtenstein market. Liechtenstein is contributing in financial terms to update the necessary IT system.[84]
- A judgment of the Liechtenstein Constitutional Court in 2008 made it possible that a doctor's practice can also have the form of a legal person.[85] The Parliament has tackled a proposal to translate this judgment into a law in its readings of 1 July and 23 October 2010.[86] The main issue of discussion were the forms of legal person that should be allowed and that only service providers of the same profession should be allowed to pool themselves together. The new Act entered into force on 7 December 2010.[87]

2.3.4 Impact of EU social policies on the national level

See chapter 2.2.4 where the particular situation of the EEA EFTA States is explained. No explicit mention of EU social policies was found in public documents in Liechtenstein in the field of health care.

2.3.5 Impact assessment

Reference is made to chapter 2.2.5, where the particular situation of Liechtenstein is explained. In none of the listed institutions and organisations, or other institutions in Liechtenstein, any relevant assessment concerning the reforms in the health care sector in Liechtenstein was published.

2.3.6 Critical assessment of reforms, discussions and research carried out

The access to the Liechtenstein health care system is by no doubt very good. As statistics show practically everybody residing or working Liechtenstein is covered by the system. Even though contributions are relatively high specific reductions for children and persons with low income compensate for this. Although, the scope of the reduction could be better targeted and the level could be higher.[88]

As to the financial sustainability, statistics show that the state contributed ca. 35% to the costs of health care; in 2001, this grew to up to 45% and passed in 2009, for the first time, the 50% mark. This indicates a steady increase in costs of health care, which is fully the burden of the state. From an economic point of view the decision to lower the state subsidies for 2011

[83] *Liechtensteiner Vaterland*, *Stärker in der Pflicht*, 18 March 2011.
[84] *Liechtensteiner Vaterland, Nachbarschaftshilfe bei Arzneien*, 29 May 2011.
[85] Judgment 2008/38 of 10 Ocotber 2008.
[86] *Bericht und Antrag betreffend die Abänderung des Ärzte-, Gesundheits- und Krankenversicherungsgesetzes, Nr. 74/2010* (based on draft bill of 18 January 2010).
[87] LGBL 376/2010 of 7 December 2010.
[88] See also the criticism in the Parliament of the Principality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 25. Juni* 2008, page 1249.

seems to be the right decision and also to adjust the contributions of the insured to a more realistic level.

In general, the effort of having engaged in a fully-fledged assessment of the Liechtenstein health care system must be welcomed. It is now up to the Government to take the decision to propose reforms. Indeed, transparency of service providers and new tariffs for doctors are important, but the biggest cost factor under discussion is the State Hospital. Even according to a number of expert opinions, it is not clear what should be the purpose of the hospital, and the Government itself seems hesitant to propose a vision to Parliament.

2.4 Long-term Care

2.4.1 The system's characteristics

Liechtenstein always had a high standard of service provision concerning institutionalised care. However, until 2010, there was no complete system in place concerning long-term care at home, thus care was mostly provided by family members at home. A major part of the care concept was based on voluntary participation of care providers, in particular within the families, and on services provided by the family assistance associations (*Familienhilfevereine*[89]) and service providers outside hospitals (*spitalexterne Dienste* (*Spitex*)). The latter are organised on the regional level, being supported by their federal association, which depend to a large part on honorary participation and donations. State and municipalities support the budget by 30% each. The remaining 40% self-financing part is accomplished via billable services towards insurance carriers, membership fees or donations. The yearly incurred costs of ca. CHF 5.8 million (ca. EUR 4.4 million) are by 90% labour costs.[90]

On an administrative basis, the individual care institutions (*Kontakt- und Beratung Alterspflege - KBA, Haus St. Florin in Vaduz, Haus St. Laurentius in Schaan, Haus St. Mamertus in Triesen* and *Haus St. Martin in Eschen*) are linked under the umbrella organisaition Old-Age and Invalid Assistane (*Liechtensteinische Alters- und Krankenhilfe – LAK*). The LAK has been founded as a private foundation in 1971 (see below under chapter 2.4.2) and serves as central contact point for consultation for and execution of tasks in relation to long-term care. It is financed by the municipalities and subsidised by the Government.

As to cash benefits, two main sources relating to long-term care could be found in the Liechtenstein social security system until 31 December 2009: the attendance allowance[91] (*Hilflosenentschädigung)* and the home care benefit (*Leistung bei häuslicher Pflege*).[92]

- Attendance allowance is available for persons with residence in Liechtenstein, when they are helpless and are not entitled to a attendance allowance under the accident insurance, irrespective of their economic circumstances. The allowance is not covering ailments of birth or invalidity. A person is considered to be helpless if he/she permanently requires a considerable degree of help from third persons or personal surveillance in order to carry out daily tasks, like getting up, getting dressed and undressed, nutrition, personal hygiene and social interaction. The term 'permanently' implies that the state of helplessness has been

[89] *Liechtensteiner Vaterland, Familienhilfe im Aufwind*, 15 September 2010.

[90] See Liechtenstein Government, *Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend Abänderung des Gesetzes über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (ELG) und weiterer Gesetze (Einführung eines Betreuungs- und Pflegegeldes bei Hauspflege),* Nr. 162/08, page 11.

[91] Article 3(bis) of the Act on Supplementary Benefits (LGBl. 1965 Nr. 46).

[92] Article 13(e) of the Health Act (LBGl. 1971 Nr. 50).

present without substantial interruptions during the previous three months for persons over the age of 65, for persons under this age the relevant period is one year.

Three levels of need of care are distinguished for persons below the age of 65, first, second and third degree (*leicht, mittel und schwer*). Persons above 65 only receive the allowance, if they are at least dependent in the second degree, except a first-degree dependency has already existed before reaching the age of 65. A first-degree dependence level is defined as either being unable to perform two daily tasks or being dependent on continuous supervisions or being dependent on special care due to a particular ailment or being able to keep social contacts only with the help of a third person due to a particular ailment. The second degree of dependency is defined as being unable to perform most of the daily tasks or being unable to perform two daily tasks and being dependent on continuous supervisions. A third degree of dependency refers to complete helplessness. This is the case when a person is unable to perform all daily tasks and needs continuous supervision.[93]

In 2010, the helplessness allowance amounted to CHF 456 (ca. EUR 347), CHF 684 (ca. EUR 520) and CHF 912 (ca. EUR 693) per month depending on the level of helplessness.[94] These amounts equal 40%, 60% and 80% of the minimum retirement pension level respectively. The allowance is financed from the general budget.

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

- The home care benefit was provided to persons who would otherwise require, on recommendation of a doctor, care in a curative or care home. The benefit should cover additional expenses for home work and other costs occurring in connection with treatment at home, which are not covered by the old-age, survivors and invalidity insurance.[95]

The level of the benefit was depending on the level of need of care and amounts to a maximum of CHF 100 (ca. EUR 76) per day. The levels of need are in accordance with the atttendance allowance. The benefit was financed from health insurance contributions and state subsidies. It was administered by the health insurance funds. Attendance allowance and home care benefits could not be accumulated.[96]

The above mentioned services and benefits in Liechtenstein were, however, not sufficient to provide full scale coverage of persons in need of care, in particular with regard to care on a long-term basis. As the voluntary associations are cross-financed at a rate of 60% from the state and municipalities, they can provide their services at a lower rate. Still, even if home care was financed per month on average with CHF 3,000 (ca. EUR 2,300) and the benefits of the health insurance of maximum CHF 3,000 and the attendance allowance (CHF 456-912), which totals about CHF 6,900 (ca. EUR 5,250), no home care comparable to institutionalised care could be afforded. Institutionalised care is supported with an amount of about CHF 9,000 (ca. EUR 6,850).

Therefore, also more and more private service providers enter the market in Liechtenstein. Thus, according to the Liechtenstein Government, a system of quality and price assurance had to be found. Many of those providers came from outside Europe, in particular from Brazil (estimated 80 persons), and were performing valuable work in the care sector. Without them

[93] Article 41bis of the Ordinance to the Supplementary Benefits Act (LGBl. 1982 Nr. 5).
[94] According to information on the website of the AHV (www.ahv.li).
[95] Article 62 of the Ordinance to the Health Act (LGBl. 2000 Nr. 74).
[96] See Article 62(4) of the Ordinance to the Health Act.

the system would already no longer work. More and more care nurses are coming from the new EU Member States. Sometimes the legal status of these migrant workers is not clarified, which pushes them to the verge of illegality (see below for current discussions at chapter 2.4.3.1).[97]

According to the Liechtenstein Government, a revision in the long-term care field could only be addressed as a long-term perspective, as it would entail substantial changes in the social security system of the country. In the view of future reforms, a whole concept had been elaborated together with the care providers, in order to find a way to create a more efficient and effective framework for home care, including individual analysis and consulting of care measures, coordination of care services and service providers, provision of services on the weekends and during night time, and an eventual evaluation of provided care services.

As a starting point, the home care benefits had been replaced by the care allowance (*Pflegegeld)* as of 1 January 2010, as there was a lack of financial means for persons above the age of 65, who are helpless on a light level and not entitled to the attendance allowance. It is higher than the former home care benefit, namely up to CHF 180 (ca. EUR 137) per day. This amount will be regularly indexed to prices. The maximum level of the benefit is set at this amount, as it comes close the costs of institutionalised care. It is envisaged that at that point the limits of possible home care are reached.

A person qualifies for this benefit if he/she can show a confirmation of a doctor that he/she is more than two months physically or mentally impaired and needs support to perform daily tasks. The benefit is not means-tested, as this would put the dependent person in a worse position at home than in a care home, which should be avoided. The attendance allowance is granted in addition and shall not reduce the care allowance. With regard to other benefits, the basic rule is that the allowance is granted in addition, except otherwise stated in other legislation (i.e. diverse invalidity benefits). The care allowance is not taxable, however, the allowance is to be taxed from the caring person as income and accordingly social contributions have to be paid

The new care allowance has been created as a new chapter under the Supplementary Benefits Act and administrated by the Old-Age and Survivors' Insurance (*AHV*). It is financed from general taxation, so no specific contributions are levied. Half of it is financed by the state and half by the communes.

As to the financial implications of the allowance, based on a current amount of persons reliant on care in middle or heavy dependence (ca. 100-120 cases) the amount to be spent per year would equal CHF 3 million (ca. EUR 2.3 million). However, it has to be taken into account that the allowance will also be paid out for persons in light dependence. As the level of the benefit for light dependence is lower than for middle or heavy dependence the additional costs are estimated between CHF 1.5 and 2 million (ca. EUR 1.1 and 1.5 million). Moreover, with the extension of home care, other benefits of the Health Act will be used more frequently. However, on the other end, there will be fewer beds needed in institutionalised care (30 beds less) which is estimated to reduce costs by about CHF 5.5 million (ca. EUR 4.2 million).[98] At the end of 2010, 255 persons were receiving the allowance, of which 75 needed full-time care; this would correspond to two new care homes.[99]

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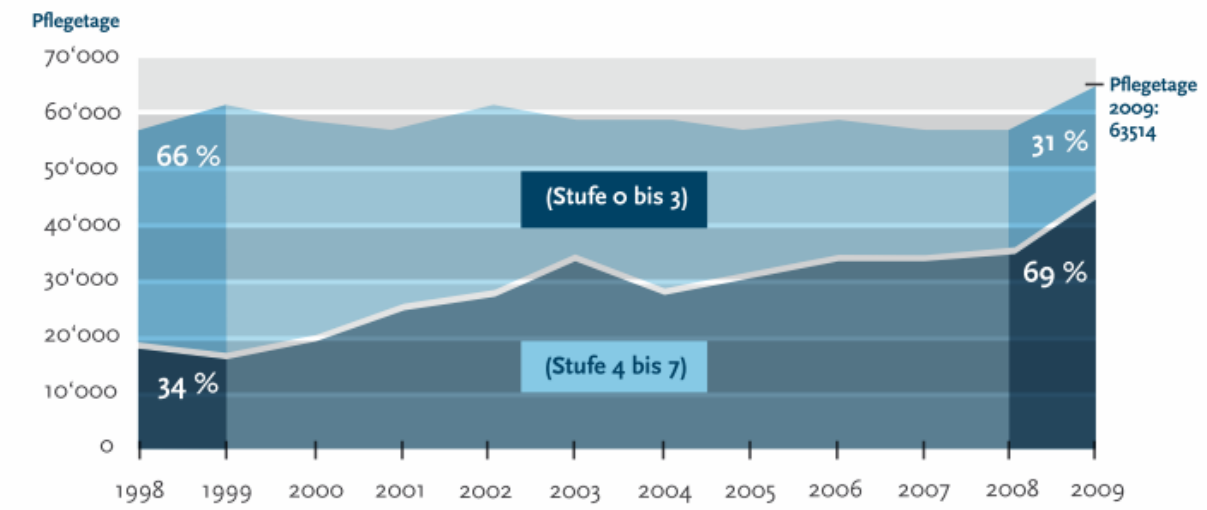
[97] *Postulat betreffend die Besserstellung der ambulanten Pflege and Bereuung, insbesondere der finanziellen Unterstützung der Pflege- und Betreuungsarbeit in den Familien,* 20 June 2007.

[98] *Liechtensteiner Vaterland*, *Betreuungs- und Pflegegeld stößt im Landtag auf vollste Zustimmung*, 13 December 2008.

[99] *Liechtensteiner Volksblatt, Alle ziehen am gleichen Strang*, 25 November 2010, and, *Pflegegeld im Fokus*, 23 December 2010.

As the Figure 3 below illustrates, it was important that the home care was made financially possible, as otherwise, due to an increase of higher level dependency over the years (Level (*Stufe*) 4 to 7, expressed in days of care (*Pflegetage*) per year in the Figure), disproportionately more persons would already need to be in a care home.

Figure 3: Days of care (*Pflegetage*) per year, 1998-2009.



Source: LAK Jahresbericht 2009, page 53.

Apart from the introduction of the care allowance, no concrete reforms were realised since the last reporting period. This is due to the fact that the initiated reform in the care sector is a long-term project, where bits and pieces are added by the time. Therefore, the whole approach of the three pillar reform shall be presented below, taking into account some minor recent changes during the new reporting period.

2.4.2 Reforms

The new approach can be described by three main points:

- Prevention: Under prevention basically all measures are to be understood, which avoid or delay the dependency on care. Reinforced preventive measures shall not only avoid phenomena like loneliness, dementia or depression, but also address issues like safety at home. Scientific research shows that every second senior citizen after the age of 70 was subject to a domestic accident, mostly a fall, from which every seventh victim became permanently dependent on care. Therefore, an initiative was started in a collaboration of the health authority (*Amt für Gesundheit*) and the senior citizen professional group (*Fachgruppe für Senioren*), dealing with the issue to reduce sources of potential danger in the household (prophylaxis of falls). International studies confirm that the reduction of falls of senior citizens is the most effective way to prevent cases of care. Upon request, a subgroup of the professional group will check a household for potential sources of danger by means of a checklist (furniture, stairs, loose cables, etc). The senior citizen can than receive advice how to increase safety in his living space.[100]

As a second project, the central Information and Consulting Centre for questions regarding old age (*Informations- und Beratungsstelle für Altersfragen, IBA*) was established in 2008,

[100] *Liechtensteiner Vaterland, Sturzfrei durch den Lebensabend,* 25 January 2008, and *Liechtensteiner Ärztekammer*, *Schenkelhalsfraktur, Schicksal?*, on website www.aerztekammer.li.

which gives advice when it comes to issues on prevention, ambulant or institutionalised care and its related financing.[101] This centre gathers all issues concerning (long-term) care in its realm, including information on prevention.[102]

- Home care: Home care comprises all measures of care, which are provided at the living space of the dependent person. The Liechtenstein Government saw great need for changes in this field with regard to the aspects of organisation and financing. The leading idea behind the reform was that senior citizens should be enabled to remain as long as possible in their homes. The choice of a care institution shall not be taken based on financial reasons, but purely on the need for qualified care, which cannot be provided at home. Moreover, the home care should be complementary to the concept of prevention and institutionalised care.[103] This resulted in the introduction of the new care allowance as of 1 January 2010.

- Institutionalised care: Institutionalised care comprises all forms of support in a care home. Basically, the system of institutionalised care is well established in Liechtenstein. Next to the four care homes of the *Stiftung Liechtensteinische Alters- und Krankenhilfe* (*LAK*), institutionalised care is also offered by two other institutions, one of those is the Liechtenstein State Hospital.

As mentioned above, the *LAK* is a foundation under private law which is financed by the municipalities and subsidies by the state. However, according to the current state of national legislation, the municipalities do not have any influence on its activities. Therefore, it has been proposed to introduce a separate law to turn the *LAK* into a foundation of public law. A draft bill expired on 12 February 2010[104] and a Governmental bill was introduced on 2 March 2010.[105] Since many questions were raised which could not be sufficiently answered during the plenary session of 22 April 2010[106], the Government submitted its position of 8 June 2010 to the Parliament for voting on 30 June 2010.[107] The law was accepted and entered into force on 1 September 2010.[108]

According to an analysis concerning future need of care facilities of 2007, an increase of the number of persons in need of care of nearly 50% until the year 2020 was predicted. Therefore, the *LAK*, in collaboration with the family assistance associations (*Familienhilfen*) and the communal health care providers, has developed a concept of enlarging the availability of places for senior citizens in need for care, taking into account the demographic changes, quality requirements and the expected changes with regard to the home care. In 2005, the supply quota was set at 230 places, while it is to be expected to rise to 275 in 2015 and even

[101] *Liechtensteiner Vaterland, Beratungen zum Pflegegeld für häusliche Betreuung,* 23 December 2010.
[102] *Liechtensteiner Vaterland, Bedürfnisse der Senioren beachten,* 6 March 2008, *Liechtensteiner Vaterland, Unterstützung bis ins Hohe Alter,* 8 March 2008, and *Liechtensteiner Vaterland, Erfahrung austauschen*, 6 December 2008.
[103] See Liechtenstein Government, *Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend Abänderung des Gesetzes über Ergänzungsleistungen zur Alters-, Hinterlassenen- und Invalidenversicherung (ELG) und weiterer Gesetze (Einführung eines Betreuungs- und Pflegegeldes bei Hauspflege), Nr. 162/08.*
[104] Liechtenstein Government, *Vernehmlassung der Regierung betreffend die Schaffung eines Gesetzes über die Liechtensteinische Alters- und Krankenhilfe*, RA 2009/3018-6009 (22 December 2009).
[105] Liechtenstein Government, *Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend die Schaffung eines Gesetzes über die liechtensteinische Alters- und Krankenhilfe, Nr. 15/2010.*
[106] See discussion in the Parliament of the Prinicipality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 22. April 2010*, pages 455-491.
[107] Liechtenstein Government, *Stellungnahme der Regierung an den Landtag des Fürstentums Liechtenstein zu den anlässlich der ersten Lesung betreffend die Schaffung eines Gesetzes über die liechtensteinische Alters- und Krankenhilfe aufgeweorfenen fragen, Nr. 76/2010.*
[108] See discussion in the Parliament of the Prinicipality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 30. Juni 2010*, pages 1106-1110.

310 in 2020, which equals a growth of 48%. In addition, the infrastructure of care homes will have to cope with short-term capacities for weekend or holiday periods or rehabilitation. Already included in those figures are the effects of the reform of the home care system, which should save about 30 places in care homes.

It was, therefore, envisaged to build new care homes or to modify and enlarge already existing ones to be able to guarantee necessary availability, including short-term patients, and high standard of care. This should result in an equally distributed care throughout Liechtenstein at a uniform level. Recently, three care homes have been finalised (*Haus St. Florin* in Vaduz[109], *Haus St. Teodul* in Triesenberg[110] and *Haus St. Martin* in Eschen) and another existing one is being redesigned and refurbished (*Haus St. Mamertus* in Triesen[111]). In addition, so-called "satellites" are planned (realisation envisaged until 2013-14), being a kind of branch to care homes, providing living space for senior citizens who do not need fully institutionalised care, but do not have or want the option of home care.[112]

2.4.3 Debates and political discourse

2.4.3.1 Postulate concerning remaining issues in the field of long-term care

On 20 October 2010, ten members of the FBP group in Parliament brought forward a postulate requesting solutions for issues in the field of care at home. The new care allowance was generally perceived as a success, however, there are still issues that have to be addressed: Firstly, the administrative obligations of the person to be cared for mostly overburdens the family members; secondly, it is difficult to find qualified care personnel, thus a pool of carers should be established; and lastly, as there is not enough care personnel in Liechtenstein, possibilities for foreigners should be created to be able to come to Liechtenstein and work in this sector.[113]

As to the administrative obligations, the postulate proposes that, as currently the relation between carer and the persons in need of care is one of actual employment, this relation should be facilitated by introducing e.g. net payments. Although some MPs were sceptical with regard to such a solution as taking care of someone is a service that is subject to mandatory insurance and taxation. It was, however, recognised that the administrative burden was high and should be relieved.

As to the creation of a pool of carers everybody agreed that this seems to be a necessity.

More controversial was the debate about foreign care personnel. Apart from discussions about language requirements and qualifications in general, the issue of opening the borders for more foreigners was of major concern of several MPs. On the other hand, it is, however, clear that Liechtenstein will not be able to cover the need of care personnel purely with Liechtenstein nationals.

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[109] *Liechtensteiner Vaterland*, *Das Gefühl von zuhause vermitteln,* 12 June 2008, and *Sozialzentrum St. Florin wird bezogen,* 19 November 2008.

[110] *Liechtensteiner Vaterland*, *So wenig spitalmäßig wie möglich, 25 October 2010,* and *Zimmer sind schon angeschrieben, 13 January 2011.*

[111] *Bericht und Antrag der Regierung an den Landtag des Fürstentums Liechtenstein betreffend einer Subvention und eines Staatsbeitrages an die Errichtung des Pflegeheimes und Sozialzentrums "Haus St. Mamertus" in Triesen, Nr. 168/2008.*

[112] *Liechtensteiner Vaterland, So selbstbestimmt wie möglich leben*, 15 October 2010 and 4 February 2011.

[113] See *Liechtensteiner Vaterland, FBP reicht Pflege-Postulat ein*, 26 October 2010, and *Volksblatt, Probleme für Peflegepersonal*, 31 October 2010.

The postulate was accepted by a vast majority of Parliament, and the Government committed itself to look for solutions and come back to the Parliament with new proposals.[114]

2.4.4 Impact of EU social policies on the national level

See at chapter 2.2.4 where the particular situation of the EEA EFTA states is explained. No explicit mention of EU social policies was found in public documents in Liechtenstein in the field of long-term care.

2.4.5 Impact assessment

Reference is made to chapter 2.1.4 where the particular situation of Liechtenstein with regard to analysis from within and outside Liechtenstein is presented. So far, none of the relevant institutions has published an impact assessment of the three pillar long-term care reform.

2.4.6 Critical assessment of reforms, discussions and research carried out

It has to be noted as a positive feature that the care allowance is 40% higher than its predecessor, the home care allowance. Moreover, also the personal scope of application has been extended to light-level dependent persons. The costs for 2010 are not yet known, as the yearly report 2010 of the *AHV-IV-FAK* had not been published at the cut-off date of this report.

By the end of 2010, 255 persons were receiving care allowance, 75 of which needed full time care. This means that these 75 persons could stay at home and did not have to be brought to a care home. This is clearly a success. Moreover, new care homes are currently being built, which should provide sufficient beds for the years to come.

However, even if the benefit will provide broader coverage and a higher level, one has to ask whether there is enough care personnel available. The postulate of the FBP concerning care personnel must be welcomed, but is, in fact, nothing new. As already criticised in the last two asisp reports, the issue concerning availability of care personnel, which had been discussed during reforms in 2008, disappeared from the centre of attention, but now seems to have been revived.

[114] See discussion in the Parliament of the Prinicipality of Liechtenstein, *Protokoll über die öffentliche Landtagssitzung vom 24. November 2010*, pages 2013-2024. See also *Volksblatt, Alle ziehen am gleichen Strang,* 25 November 2010, and, *Volksblatt, Schwachpunkte beseitigen,* 27 November 2010.

3 Abstracts of Relevant Publications on Social Protection

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

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

[L] Long-term care

[R] Pensions

[R1; R2] FINANZMARKTAUFSICHT LIECHTENSTEIN, Jahresbericht 2009, 2010, p. 62, retrieved from: http://www.fma-li.li/

"Annual report 2009"

The annual report of the Financial Market Authority Liechtenstein (Finanzmarktaufsicht, FMA) gives an overview of the agency's activities throughout the preceding year. Part of the FMA's competences is the supervision of second pillar pension plans. In this regard, the annual report provides a concise review of Liechtenstein's employers' pension plans. Amongst others, information is given on the number of plans, the number of insured people and beneficiaries, the amount of contributions, as well as the financial situation and the investments of the plans. What is more, an outlook on the situation of Liechtenstein's second pillar pension plans for the coming year is included. The report is usually available for public in May of the subsequent year.

[R1; R2] LIECHTENSTEINISCHE AHV-IV-FAK, Geschäftsbericht 2009, 2010, p. 62, retrieved from:

http://www.ahv.li/fileadmin/webmaster_files/Jahresbericht/AHV_Jahresbericht_2009.pdf

"Annual report 2009"

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

[R1; R2; R5] LIECHTENSTEIN GOVERNMENT, Ressortbericht 2009: Soziales, 2010, p. 12, retrieved from: http://www.llv.li/pdf-llv-rk_rb2009_soziales.pdf

"Departemental report 2009: Social affairs"

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

[H] Health

[H1; H3; H4] Dr. LEO BOOS SPITAL MANAGEMENT AG, Strategie und nachhaltige Finanzierbarkeit des Liechtensteinischen Landesspitals (LLS) (Ergänzungsbericht), Baar, Switzerland, December 2010, retrieved from http://www.volksblatt.li/pdf/Spitalstudie-Boos.pdf

A study for the Martin Hilti Family Foundation to objectify the "hospital discussion" on the basis of the reports of the working group LLS to the Government of the Principality of Liechtenstein on:

- Applying for a loan commitment for the construction of the Liechtenstein National Hospital to the Parliament (22/10/2009)

- The evaluation of opinion about the future of the construction of the LLS as well as review the strategies and the associated financial indicators and investment costs (24/06/2010).

[H1; H5] LIECHTENSTEINISCHE ALTERS- UND KRANKENHILFE (LAK), Jahresbericht 2009, 2010, retrieved from http://lak.li/Portals/0/Content/PDF/Jahresberichte/LAK_JB_2009.pdf

"Annual report 2009"

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

[H1; H5] LIECHTENSTEINISCHER KRANKENKASSENVERBAND, Krankenkassen-statistik 2009, 2010, retrieved from http://www.lkv.li/Portals/7/docs/Krankenkassen-Statistik%202009.pdf

"Health insurance funds statistics 2009"

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

[H1; H4; H5] LIECHTENSTEINISCHES LANDESSPITAL (LLS), Jahresbericht 2009, 2010, retreived from http://www.landesspital.li/Portals/31/docs/Aktuelles/LLS_Jahresbericht_2009.pdf

"Annual report 2009"

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

[**H1; H2; H4; H5**] Prof. Dr. oec. HSG TILMAN SLEMBECK, Expertise über die Volkswirtschaftliche Bedeutung der Spitalversorgung im Fürstentum Liechtenstein, 14 February 2011, retrieved from http://www.volksblatt.li/pdf/LLS-Gutachten-Slembeck-final.pdf

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

4 List of Important Institutions

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

Address: Äulestrasse 51, Postfach 684, 9490 Vaduz, Fürstentum Liechtenstein
Phone: 00423 (0) 236 73 34
Fax: 00423 (0) 236 75 64
Email: info@ag.llv.li
Webpage: http://www.llv.li/amtsstellen/llv-ag-home.htm

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

Amt für Statistik **– Office of Statistics**

Address: Äulestrasse 51, Postfach 684, 9490 Vaduz, Fürstentum Liechtenstein
Phone: 00423 (0) 236 68 76
Fax: 00423 (0) 236 69 31
Email: info@as.llv.li
Webpage: http://www.as.llv.li

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

Ärztekammer **– Medical Association [unofficial translation]**

Address: Haus St. Laurentius, Bahnstrasse 20, 9494 Schaan, Fürstentum Liechtenstein
Phone: 00423 (0) 236 48 80
Email: office@aerztekammer.li
Webpage: http://www.aerztekammer.li

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

Finanzmarktaufsicht Liechtenstein (FMA) – Financial Market Authority Liechtenstein

Address: Landstrasse 109, Postfach 279, 9490 Vaduz, Fürstentum Liechtenstein
Phone: 00423 (0) 236 73 73
Fax: 00423 (0) 236 73 74
Email: info@fma-li.li
Webpage: http://www.fma-li.li

The FMA is an authority governed by public law. Its main task is the supervision of Liechtenstein's financial market. For this report it is relevant to mention that the FMA is also entrusted with the supervision of second pillar pension plans and pension funds. Main recurring publication is the FMA's annual report, which devotes one section to employer pension plans and pension funds. Information on the webpage is available in German and English.

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

Address: Fürst-Franz-Josef-Strasse, 9490 Vaduz, Fürstentum Liechtenstein
Phone: 00423 (0) 265 13 29
Fax: 00423 (0) 265 13 01
Email: info@kofl.li
Webpage: http://www.kofl.li

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

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

Address: Gerberweg 2, Postfach 84, 9490 Vaduz, Fürstentum Liechtenstein
Phone: 00423 (0) 238 16 16
Fax: 00423 (0) 238 16 00
Email: ahv@.ahv.li
Webpage: http://www.ahv.li

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

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

Address: Auf dem Kirchhügel, St. Luziweg 2, 9487 Bendern, Fürstentum Liechtenstein
Phone: 00423 (0) 373 30 22
Fax: 00423 (0) 373 54 22
Email: admin@liechtenstein-institut.li
Webpage: http://www.liechtenstein-institut.li

The Liechtenstein-Institute is a private, not for profit organisation, which was founded in 1986. It is engaged in teaching and research in the areas law, political science, economics,

social sciences and history. From time to time, research projects with relevance for social policy are carried out. Working papers can be downloaded for free from the webpage. However, information on the webpage is in German only.

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

Address: Auring 52, Postfach 281, 9490 Vaduz, Fürstentum Liechtenstein
Phone: 00423 (0) 233 43 00
Fax: 00423 (0) 233 43 01
Email: lkv@adon.li
Webpage: http://www.lkv.li

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

Ressort Soziales **– Ministry of Social Affairs**

Address: Regierungsgebäude, Peter-Kaiser-Platz 1, Postfach 684, 9490 Vaduz, Fürstentum Liechtenstein
Phone: 00423 (0) 236 64 41
Fax: 00423 (0) 236 60 67
Webpage: http://www.regierung.li/index.php?id=57

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

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

Address: Bahnstrasse 20, 9494 Schaan, Fürstentum Liechtenstein
Phone: 00423 (0) 265 4810
Fax: 00423 (0) 265 4823
Email: cornelia.rheinberger@lak.li
Webpage: http://www.lak.li

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

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