



Annual National Report 2010

Pensions, Health and Long-term Care

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1 Executive Summary

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

The system of old-age pensions underwent large scale structural reforms in 2003 and 2004. These reforms are likely to contribute to long-term financial sustainability of the system. At the same time, these reforms did not render the system less complicated. In this context gradual and stepwise implementation, special regulations, rules on the capping of losses, and long transition periods, coming along with multiple accounting (“parallel accounting”), contravene the aim of transparency which was originally intended when introducing “personal accounts” in 2004. Problems of low benefits and risk of poverty at old age have so far been addressed in a more or less ad-hoc mode but not in a structural way. Apart from that, the problem of large numbers of early exits from the labour market has not been solved up to now, although it has been on the agenda for several years. It appears that politicians currently hesitate to address this problem in a more pro-active way, avoiding unpopular decisions to be taken. The problem has now (again!) been passed on to a working group and results in this respect are expected by June 2010.

A related development is evident in health care. On the one hand, the Austrian system of health care does without any doubt provide rather high quality of services, and access is comparatively equal (at least from an international comparative point of view). On the other hand, there is still room to improve quality management and efficiency – apart from other things – by more integrated planning. This goal is to some degree hampered by rather complex structures of decision making and financing, but no explicit reform programme is currently on the agenda regarding these points. However, in the beginning of 2009, the most pressing problem appeared to be the very unfavourable financial situation of the health insurance funds. The new government came up with some measures to safeguard the short- and mid-term financial liquidity of the health insurance funds by allowing for additional resources from the federal budget. These additional funds are – to the largest degree – subject to the conditionality that health insurance funds will apply measures of cost containment during the coming years. However, firstly, it is unclear whether these measures will really lead to the intended effects. The second, even more important point is that the hospital sector is almost not affected by these reforms. To address problems in this field, a deeper structural reform would be necessary. But the latter is not really on the political agenda at the time of writing this paper.

The sector of long-term care underwent some structural reform in 2007/2008 (introducing a model of – legal – “24-hour care” at home), but no major reforms have taken place since the beginning of 2009. From a mid-term perspective it would be necessary to discuss strengths and weaknesses of the system in place in a more structural way. Most important challenges are access to and quality of outpatient care services, quality in case of care performed by family members and in case of “24-hour care” (by privately hired nurses). Furthermore, questions of long-term financial sustainability and alternatives to the current model of “24-hour care”, which – for several reasons – does not appear to be a sustainable model to cover future rising needs are largely missing on the political agenda.

2 Current Status, Reforms and the Political and Scientific Discourse during the previous Year (2009 until April 2010)

2.1 Pensions

2.1.1 The system's characteristics and reforms

The most important source for the provision of retirement income in Austria is the statutory pension system (see BMSK 2008; Hauptverband der Österreichischen Sozialversicherungsträger 2009). It provides old-age pensions, surviving dependants' pensions as well as invalidity pensions. The statutory pension system includes – in principle¹ – all people in gainful employment, with the exception of civil servants who are covered by their own systems. However, under the Act on the “Harmonisation of Austrian Pension Systems”, which took effect on 1 January 2005, uniform pension laws were created for all gainfully employed people, including federal civil servants. This means that pensions for newly employed federal civil servants are calculated according to the same regulations as those of other persons (for those being younger than 50 on that date, pension entitlements are calculated as a mix of old and new provisions on a pro rata temporis basis, while those older than 50 are exempted from the new system).

The system is primarily financed as a pay-as-you-go system (PAYG), but due to financial shortfalls (via the “deficiency guarantee”) and some other parts of spending for pensions (like costs for “equalisation supplement” (see below), 19.2% of the expenditure have to be covered by the federal budget. In 2009, the share coming from the federal budget (*Bundesbeitrag*) amounted to about 3.08% of GDP or 26.96% of overall spending on pensions (i.e. old-age pensions, invalidity pensions and surviving dependants' pensions).² Benefits are granted as a percentage of the earlier contributory income from work (calculated as an average contributory income – the “contribution base”). In other words: in general, the benefit is the higher, the longer the insurance record, and the higher the preceding contributory income from gainful employment.

At the same time, the Austrian pension insurance system does not provide for an unconditional minimum pension for persons beyond a certain age. However, the “means-tested equalisation supplement” (*Ausgleichszulage*) may – on a partly means-tested basis – apply for persons who are in principle eligible to a pension. This means that low pensions under the statutory pension insurance may be raised to the “equalisation supplement reference rate” in case of financial indigence. Thereby, apart from the pensioner's income, the income of spouses or partners is taken into account (but no other property). The monthly reference rate (2010) is EUR 783.99 for singles, EUR 1,175.45 for married couples, and a supplement of EUR 82.16 per child is granted (all numbers gross, 14x a year).

The statutory pension system in Austria underwent large-scale structural reforms in 2000, 2003 (in force as from 1 January 2004) and 2004 (in force as from 1 January 2005) (see e.g. Knell et al. 2006). In principle, the contribution base to be taken into account for the calculation base was expanded from the best 15 years (or the best 18 years in case of early retirement) to lifetime earnings. Apart from that, the accrual rate was reduced from 2% to 1.78% per year. This means that the maximum replacement rate of 80% of the assessment

¹ Employees with wages below the marginal earnings threshold (currently EUR 366.33 per month gross) may opt in to the old-age insurance on a voluntary basis.

² See Kommission zur langfristigen Pensionssicherung (2009a).

base will be reached after an insurance history of 45 years (instead of 40 years before the reform).

However, these regulations are only fully applied to those who had acquired less than 36 insurance months within old age insurance before 1 January 2005. For other groups, different benefits are calculated as a mix of old and new provisions on a pro rata temporis basis, whereby different regulations apply for different age groups. This modus operandi makes the whole system extremely confusing for (future) benefit claimants,³ but also complex and time-consuming for social insurance bodies (when it comes to the calculation of benefits).⁴

This leads to a situation where in fact three different pensions have to be calculated for people born after the 31 December 1954 who have acquired an insurance record in pension insurance of at least 36 months before 1 January 2005. First, a pension according to the regulation in place at the 31 December 2003 is calculated (for the whole working life). Then (again for their whole working life) a pension is calculated according to the regulation in place on 1 January 2004, this means according to the regulations of the pension reform of 2003. Hereby, reductions of benefits stemming from the reform of 2003 are capped at 5% at first instance (when compared to regulations in place on 31 December 2003). The maximum of possible losses will be increased stepwise to 10% in 2024 (by 0.25 percentage points per year). The respective benefit calculated in this way is called “pension benefit according to old law”. Then, a third pension is calculated (again for the whole working life) according to regulation in place as from 1 January 2005 (i.e. according to regulations imposed by the pension reform 2004). This pension is called “pension benefit according to new law”. In the end, the definite pension is calculated by accounting on the level of benefits under “old law” and “new law” on a pro rata temporis basis (in line with the respective insurance record under the two regimes).

For people born before 1 January 1955 – with some minor exceptions (see regulations on early retirement below) – only “old law” applies, and for people who have acquired an insurance record in pension insurance of less than 36 months before 1 January 2005 only “new law” applies. In other words: people who joined the labour market after 1 January 2005 or with short insurance records before 2005 will face (compared to regulations before the respective reforms) much higher reductions in benefits than those with long insurance records before 2005.

The statutory retirement age is 65 for men and 60 for women, in the context of which the latter is planned to be gradually raised to 65 years as from 2024 to 2033. Early retirement due to “reduced capacity to work” and “on account of unemployment” was abolished under the reforms of 2000 and 2003.

One form of early retirement according to “old law” is “early retirement on account of long-term insurance contributions”.⁵ Here, decided as part of the reform 2003, the minimum retirement age is subject to stepwise increasement until 2017 to the statutory retirement age (currently – in July 2010 – it is 63 years and 2 months for men and 58 years and 2 months for women). This means that this form of early retirement will be abolished as from 2017. Deductions for every year of early retirement have been increased from 3.3% of the benefit to 4.2% with the reform of 2003. However, this increase of deductions is subject to the “capping” of losses sketched out above.

³ For “userfriendly” guidebooks on respective regulations see Pensionsversicherungsanstalt (2010), Pensionsversicherungsanstalt (2010a) and Kammer für Arbeiter und Angestellte für Niederösterreich (2010).

⁴ See e.g. Institute for Advanced Studies (2008) and Gründler (2010).

⁵ Access is possible after 35 years of insurance contributions or 37 years of insurance contributions and other substitute qualifying periods.

Regarding another form of early retirement (again according to “old law”) – “pensions subject to very long insurance periods” (*Hacklerregelung*), men may retire without deductions (!) as from the age of 60 and women as from the age of 55 if their insurance periods total 45 contributory years (men) or 40 contributory years (women), respectively. This form of early retirement was originally planned to expire in 2010, but was then (within the scope of the *Sozialrechtsänderungsgesetz 2008*; BGBl. Nr. I XX/2008) decided to be prolonged by three years, i.e. until 2013. This form of early retirement has gained some popularity – evidently because of the fact that early retirement is possible under this regime without deductions.

“New law” (as formulated due to pension reform 2004) has as well reintroduced new forms of early retirement.

One is the “heavy labour pension” (*Schwerarbeiterpension*) – effectively introduced as from 1 January 2007. The latter allows for retirement at the age of 60 for men and women,⁶ subject to a deduction of 4.2% for benefits calculated according to “old law” and of 1.8% for benefits calculated according to “new law” (see above) for each year of retirement prior to the regular pension age. The general prerequisite is that insurance periods total 45 years and that out of the last 20 years before retirement at least 10 years were spent working in jobs defined as heavy labour (this is determined according to detailed criteria). This form of early pension is only of minor significance up to now.

The second option under “new law” is the possibility of early retirement through the establishment of a pension corridor (at the age between 62 and 68 years), with discounts/credits of 4.2% of the respective benefit per annum.⁷ Here, the entitlement is restricted to persons with at least 37.5 years of pensionable service. This pension corridor is intended to substitute the “early retirement on account of long-term insurance contributions” (which will be completely abolished by 2017; see above). However, this form of early retirement may in fact be used *together* with early retirement according to “old law” – i.e. “early retirement on account of long-term insurance contributions”. In this case special deductions apply, which are calculated according to very complicated regulations.⁸

Apart from these options of early retirement in old-age pension, it is worth mentioning that the invalidity pension may serve as a substitute for other forms of early retirement from the labour market (see subsequent chapters of this report for more detail).

In the course of the pension reform of 2004, several measures were decided upon to soften the possible negative consequences of the pension reforms for women (especially the extension of the assessment base from the best 15 years to lifetime earnings) and to compensate for the disadvantages of women on the labour market to a certain extent: The minimum number of contribution years due to gainful work required for an old-age pension was reduced to 7 years (formerly: 15 years), and times spent for bringing up children, which are credited as pensionable years, were raised from 2 years to 4 years per child. The assessment basis for times spent for bringing up children was raised from EUR 650 per month to EUR 1,350 per month (2010: EUR 1,528.87).

As mentioned above, the most important source for the provision of retirement income in Austria is the PAYG statutory pension system, whereas other pillars of the pension scheme are – up to now – only of minor de facto importance. Funded company pension schemes have

⁶ Up to now this form of early retirement is de facto of some relevance for men only, as the general statutory retirement age for women amounts to 60 years anyway and will not before 2024 be raised stepwise to 65 years as well.

⁷ The discount was later reduced to 2.1% per annum, as dual deductions would have culminated in a reduction in retirement pension of up to 22% in specific cases.

⁸ See Pensionsversicherungsanstalt (2010c) for details.

for a long time been a phenomenon to be found at large firms only. They are not mandatory, and in 2008 about 560,000 persons, or slightly less than 16% of the Austrian employees, held a pension account of a funded company pension scheme. The average pension granted by such schemes amounted to approx. EUR 490 per month.⁹

Another part of the “second pillar” of the Austrian pension scheme is the “new severance pay scheme” (*Abfertigung neu*), in force since 1 July 2002. According to the “new severance pay scheme”, every employer has to transfer 1.53% of the monthly salary of an employee to a staff provision fund (*Mitarbeitervorsorgekasse / MVK*) set up especially for this purpose. All employees starting a new job after 31 December 2002 are part of this system on a mandatory basis. This means that the second pillar (funded schemes) has now become partly mandatory. When benefits become due (this may be the case when an employee is changing his/her job after a specific minimum period or when retiring) employees may choose between receiving the entire severance pay or a lifelong pension. Yet, most (about 90%) of all employees (when changing their jobs and meeting other respective criteria) decide for the paying out of their severance payment,¹⁰ which may contradict the political intention to extend the significance of benefits from funded schemes in old-age insurance.

The “third pillar” entails private life insurance and private pension insurance. Here, the “premium-aided pension savings scheme” (*Prämienbegünstigte Zukunftsvorsorge*), which is sponsored by the state, has been available since early 2003. A main incentive to sign a contract according to the premium-aided pension savings scheme is the public subsidy, in the context of which currently 9% of the respective insurance premium (up to a ceiling of insurance premiums of EUR 2.263,79 per year) are covered by the state.¹¹ This instrument appears to be rather well targeted, as it does also set incentives for people with low personal income (which would not apply in the case of tax deductions).

Against the background of the large impact of the pension reforms of 2000, 2003 and 2004 as well as due to the fact that the implementation of these reforms is a running step-by-step process, no other major large scale structural reforms have been decided since the beginning of 2009.

Some gradual reforms have been decided in late summer 2008 in the light of the elections held at 28th of September 2008, where the political parties agreed on measures that led to higher expenditures on old-age. These measures, by and large, had the character of “election sweets”. Respective decisions enclosed an above inflation adjustment for 2009 (3.4 % instead of 3.2 %), and the “Hacklerregelung” (early retirement without deductions in the case of a very long insurance record; see above) was prolonged by three years (before it had been supposed to expire in 2010). Furthermore, a one-off payment to pensioners for 2008 was adopted, and the yearly inflation adjustment of pensions has been preponed from 1 January 2009 to 1 November 2008 (see Fink 2008; 2009).

In 2009 gradual adaptation enclosed the following points:

- Older long-term unemployed people who would have been entitled to draw an early pension before the pension reform of 2003 (“early retirement on account of unemployment”; see above), may demand the transitional allowance (a benefit within unemployment insurance; *Übergangsgeld*), which is 25% higher than normal unemployment benefits. This rule was planned to expire in 2009. Yet, this opportunity was extended (up to 2015) due to the tense labour market situation and the poor employment prospects of this age group within the

⁹ Data provided by Fachverband der Pensionskassen (2009).

¹⁰ See APA181 WI 24 July 2006; FMA (2007, 17).

¹¹ See e.g. <http://www.vvo.at/pramienbegunstigte-zukunftsvorsorge-2.html>.

“Labour Market Package II” (a package of measures intended to soften the impacts of the financial and economic crisis; dating from June/July 2009).¹²

- As well as part of the labour market package II, a change in the part-time allowance for older workers (*Altersteilzeit*) was implemented. This measure is not new, but respective regulation has been changed to a significant degree (coming into effect after September 2009). This new regulation imply that access to part-time allowance for older workers is simplified in several points. Contrary to earlier regulation, it is not any more necessary to employ an additional job holder to make up for the reduced working time of the employee on part-time allowance. Now, older part-time workers may take part in the scheme if their original weekly working time amounts to a minimum of 60% of normal working hours (before the reform: 80%). Apart from that, the regulation has been changed in a way that a continuous reduction of working time (for the whole period up to pensionable age) implies more favourable financial incentives than the “blocked model” (combination of a period of full-time work with a succeeding period without gainful employment), which was rather popular before. Essentially, the latter means that this instrument has been used as a possibility for early retirement. From now on, payments by the Public Employment Service (PES) for respective additional costs faced by the companies will be 90% in case of continuous part-time work, but only 55% in case of the blocked model. The minimum age for part-time allowance for older workers is 53 for women and 58 for men. Originally it was planned to rise this age-limit by one year in 2009, but due to the crisis these plans have been postponed by one year. Instead, it is planned to increase the age-limit by half a year each in 2011, 2012 and 2013.

- One more measure (decided in July 2009 as part of the 2. *Sozialrechts-Änderungsgesetz 2009* - 2. SRÄG 2009; BGBl. 83/2009) is that in the future the state will cover contributions to old-age insurance of caring family members who decide to opt-in to old age insurance as from level three¹³ of long-term care benefits. Before, this only applied in case of long-term care benefits of level five and above. This means that the group of caring family members whose contributions for old-age insurance are covered by the state (if they opt in to old-age insurance) has been expanded.

- One other gradual reform (decided in November 2009 as part of the 4. *Sozialrechts-Änderungsgesetz 2009* - 4. SRÄG 2009; BGBl. 147/2009) enclosed a gradual tightening regarding the implementation of the (already existing) rule that people applying for “means-tested equalisation supplement” (*Ausgleichszulage*; see above) within pension insurance must have their “regular residence” in Austria.

- In 2010, pensions get valorised according to the pensioners’ price index. This means that most pensions are upgraded by 1.15% as from 1 January 2010. Pensioners eligible to rather low benefits as well get an additional one-time lump sum payment. This amounts to 4.2% of the monthly benefit for pensions below EUR 1,200 and is then reduced stepwise according to linear reduction for pensions between EUR 1,200 and EUR 1,300. For pensioners with benefits above EUR 1,300 the one-time lump sum payment does not apply. On the whole, the valorisation of pensions in 2009/2010 turns out to be less generous than the one decided for 2008/2009 (when pensions were upgraded to an amount exceeding consumer-price inflation as part of a policy package preceding the national elections of September 2008; see above and Fink 2009, pp. 6).

¹² See Kammer für Arbeiter und Angestellte (2009) for more details.

¹³ Long-term care benefit is a seven-levels-category, needs-compliant benefit. It is granted at seven different benefit levels – the higher the amount of care needed, the higher the level of benefits.

- One other reform (agreed upon in November 2009) addresses the “third pillar” of the Austrian pension system, the “premium-aided pension savings scheme” (see above). Up to now respective schemes had to invest at least 40% of the savings in the stock market. This share was now reduced: for people below the age of 45 to 30%, to 25% for people at an age between 45 and 55, and to 15% for people older than 55.¹⁴ This decision has been made against the background of the bad financial performance of respective schemes during the year 2008 (losses -15% on average; see FMA 2009). By reducing the minimum quota of investment in the stock market it is intended to offer the option of less risky investments within this scheme (especially for older people).

2.1.2 Pensions: debates and political discourses

On the whole, when compared to earlier years (see e.g. Fink 2009, pp. 7), political debates on pension were not very intense during 2009. This may have to do with the fact that the main focus of the current Government was on macroeconomic stabilisation and labour market policies in the more narrow sense. This means that – with some exceptions (financing of the health system, introduction of the Guaranteed Minimum Income scheme / GMI; see below) – specific problems of social protection have been kind of superseded from the political agenda.

However, some discussion took place regarding A) the reform of early retirement and in this context especially regarding the scheme of “early retirement due to very long insurance contributions” (*Hacklerregelung*; see above) and invalidity pensions and B) regarding overall financial sustainability of the pension system. Hereby, the latter is in fact again closely linked with the discussion on early retirement, whereas the topic of an introduction of an automatic trigger to secure the financial sustainability of the old-age insurance system, which was to some degree discussed in earlier years (see Fink 2009, 7), was not put on the agenda again. The same holds for financial problems of pensioners with low benefits: This issue has as well almost completely disappeared from the political agenda (with some exception during negotiations regarding indexation of pensions in 2010).¹⁵ However, one point worth mentioning in this context is C) negotiations regarding the introduction of a means-tested “guaranteed minimum income scheme” (*Bedarfsorientierte Mindestsicherung* - GMI) which would have indirect effects on people at pensionable age.

Ad A) The government programme 2007-2010 included the agreement to prolong the opportunity for early retirement without deductions (in case of very long insurance records, *Hacklerregelung*) until the end of 2010 (it was originally planned to be abolished as early as by the end of 2007). Then, as already mentioned above, it was decided in autumn 2008 (in principle unanimously by all parties in parliament) that this form of early retirement will be prolonged by three years, i.e. until 2013. The new government programme 2008-2013 addresses the topic again (*Regierungsprogramm 2008*, pp. 173). SPÖ and ÖVP have agreed that the new government should map out a new model, serving as an “affordable” substitute, which also “prevents a sudden expiration” (*ibid.*, 174) for the respective current model. The deadline originally agreed upon for formulating such a new model was the end of the year 2009.

The political discussions about this form of early retirement started as early as in spring 2009, when parts of the Austrian Peoples Party (ÖVP) proposed an early termination of this scheme, which was opposed by their coalition partner – Social Democrats (SPÖ).¹⁶ The background of

¹⁴ See e.g.

<https://www.bmf.gv.at/finanzmarkt/altersvorsorge/3sulederaltersvorsorge/start.htm?q=zukunftsvorsorge>.

¹⁵ See e.g. OTS0039, 31 October 2009; OTS0110, 30 October 2009; OTS0278, 3 December 2009.

¹⁶ See. e.g. OTS0155, 25 March 2009; OTS0201, 27 March 2009; OTS0328; 31 March 2009.

this discussion was new data provided by the “Commission for the long-term sustainability of the pension system” in March 2009, saying that the state would have to subsidise the old-age insurance system with an additional amount of approx. EUR 300 million in 2009, due to the impact of the crisis (see Kommission zur langfristigen Pensionssicherung, 2009a). The topic remained on the political agenda during the summer 2009, especially in the context of regional elections in Upper Austria and Vorarlberg in September 2009, whereby especially the Social Democrats in Upper Austria made their refusal to terminate the *Hacklerregelung* an election issue (although the issue is in the responsibility of the central state and not the federal provinces).¹⁷ The discussion went on during autumn 2009, with Social Democrats (and Trade Unions) not willing to discuss an early abolition, and the Peoples Party – and here especially Vice Chancellor Josef Pröll – pushing towards fast structural reforms.¹⁸

By the beginning of 2010 the Minister for Social Affairs, Rudolf Hundstorfer, proposed a model by which the *Hacklerregelung* would be phased out stepwise as from 2014. Then, by the end of January 2010, the topic was handed over to a working group, comprising representatives of the social partners (i.e. representatives of the trade unions and employer’s organisations) and the Ministry for Social Affairs.¹⁹

Hereby, the goal is not only to reform the *Hacklerregelung* but also invalidity pensions. The latter has been on the agenda for a while as well and had been dealt with in earlier working groups (again with involvement of the social partners) – however with no concrete results in the sense of an agreement on reform (see Fink 2009, pp. 7).

First negotiations within the new working group showed that no quick compromise should be expected. Now the declared goal is to formulate a reform package by June 2010. In other words: respective reforms have been postponed due to lacking agreement on measures to be taken.

Ad B) To some degree, the overall financial sustainability of the pension system has been on the political agenda throughout the year 2009 and the first months of 2010, however not in more broad terms, but in most cases in the context of ongoing discussions regarding early retirement only. This means that currently no political player is pushing towards another overall structural reform of the system, as currently the debate mostly concentrates on the financial costs of early retirement only.

Ad C) The means-tested “guaranteed minimum income scheme” (*Bedarfsorientierte Mindestsicherung, GMI*) will replace domiciliary social assistance (i.e. social assistance for people living in their own homes) as from September 2010. This new scheme will not only have an impact on the situation of people below retirement age but also for elderly people over the statutory retirement age (i.e. in case that they are not entitled to benefit from the pension system). The GMI was first planned to be introduced at the level of the equalisation supplement reference rate (*Ausgleichszulagenrichtsatz*, see above) – at a level of 100% for singles and 150% for couples – 14 times a year (this is in line with the general rule that in Austria both monthly wages and pensions are not cashed out 12 times per year but 14 times per year). However, during the final negotiations on the GMI especially the Peoples Party as well as some federal provinces (*Laender*) insisted that GMI should be cashed out 12 times per year only. The main argument was that the GMI might create a “social hammock” and that incentives for taking part in working life would be undermined. Yet, it was not reflected that the latter argument could not be applied for people above pensionable age – their situation was not at all addressed in the respective debates. The Social Democrats finally gave in,

¹⁷ See e.g. OTS0151, 3 September 2009; OTS0027, 6 September 2009.

¹⁸ See e.g. OTS0146, 14 October 2009; OTS0112, 15 October 2009.

¹⁹ See e.g. OTS0255, 26 January 2010.

stating that no other compromise could have been reached.²⁰ To pay out GMI 12 times a year only means that the benefit level is reduced by no less than about 14.3% when compared to original plans. This was heavily criticised by some of the federal provinces, by some of the opposition parties and by NGOs of the social sector – however without any direct effect on the overall agreement.

2.1.3 Pensions: overview of published impact assessment

Financial sustainability

In Austria, the most important sources providing impact assessment on financial sustainability are the reports by the “Commission for the long-term sustainability of the pension system” (*Kommission zur langfristigen Pensionssicherung*). This commission published long-term-projections according to EPC-scenarios²¹ for 2007-2060 in March 2009 (see Kommission 2009b) and a detailed, rather short-term review dealing with the current financial sustainability and questions on indexation in October 2009 (see Kommission 2009a). The former comes to the conclusion that expenditures for old-age insurance will rise from currently about 10.3% of GDP to a maximum of 13.5% in 2050 and will then fall to a level of 13.2% in 2060. According to these estimations, funds coming from the federal budget will rise from currently approx. 2.2% of GDP to 5.0% in 2050 and will decrease to 4.8% in 2060. These forecasts are – at least from an international point of view – rather favourable. However, the estimates will only apply – apart from other insecurities – if A) the actual retirement age will be managed to be raised to statutory retirement age, and if B) indexation in the future will take place according to inflation only (this means: indexation may not exceed inflation, which has been the case several times in the past). Moreover, expenditures for the means-tested equalisation supplement (i.e. the conditional minimum pension in the Austrian pension system; see above, chapter 2.1.1.) and for civil servants with granted tenure of office (*Pragmatisierung*) are not covered by the respective forecasts. Independent forecasts by the Institute for Advanced Studies (2008) show that the overall expenditure for old-age pensions would rise up to more than 18% of GDP in the case that employment rates would not rise, indexation would be too generous, and benefit reductions of the pension reforms 2003/2004 would be revoked.

Revised estimates presented by the “Commission for the long-term sustainability of the pension system” were presented in October 2009 (see Kommission 2009a). According to these figures, expenditures for pension insurance amount to a level of 11.26% of GDP in 2010 and to 11.61% if expenditures for the means-tested equalisation supplement are taken into account as well. This means that spending for pensions in % of GDP has increased rapidly when compared to earlier estimations. In their last detailed short-term forecast of September 2008 the Commission had estimated that spending for pensions would estimate to 10.39% of GDP in 2010 (and to 10.72% including expenditures for the means-tested equalisation supplement) (Kommission 2008). Yet, this is not caused by overall spending exceeding the forecasts of late 2008 but by the fact that the GDP developed less favourable than estimated at that time. However, what really changed compared with earlier forecasts are the costs of the pension system that have to be covered by the federal budget. According to forecasts of late 2008, the respective amount was expected to be EUR 8.1 billion in 2010 (which equals about 24.6% of overall spending for pensions). But recent forecasts from October 2009 give a number of EUR 9.1 billion (which amounts to about 27.7% of overall spending for pensions

²⁰ See e.g. OTS0158, 29 July 2009.

²¹ The Economic Policy Committee (EPC) was set up by a Council decision in 1974 to provide advice and to contribute to the work of the Ecofin Council and the Commission; see: http://europa.eu/epc/index_en.htm.

or 3.21% of GDP, whereas earlier forecasts from September 2008 estimated a level of 2.64% of GDP). This development also forms the background of the discussion on financial sustainability of the system sketched out above (see chapter 2.1.2).

Other topics of assessment

It is worth noting that impact assessment on pensions in Austria relates to financial sustainability in the first instance, and that other possible subjects are covered to a much lower degree and / or in a much less systematic way. Yet, a rather comprehensive analysis of recent social policy in Austria and respective outcomes and impacts is given in the Social Report 2007-2008 (see BMASK 2009) which was published in January 2009. Unfortunately, such a report is only published every two years, so that information provided is already outdated to some degree. Regarding old-age pensions, this report provides, amongst other things, information on budgeting and respective expenditures, the development of the number of beneficiaries according to different types of pensions, the actual retirement age, and the average levels of benefits. On the whole, the Social Report is a very useful source for (rather compressed) information, but it does not provide a critical assessment in a sense that it would draw conclusions regarding the impacts of earlier reforms, problems, and need for reform. The same holds for a special chapter in invalidity pensions, which is also part of the Social Report 2007-2008 (see Obermayer et al 2009).

As stated above, information – especially statistical – provided in this report is already outdated to some degree. However, the BMASK (2009a) published a “*Quartalsbericht*” by the end of 2009, containing new data on old-age and invalidity pensions (covering many of the topics mentioned above), but with no explanatory text (but the respective data only). Furthermore, this report does as well include calculations about gains and losses in the benefit level of new old-age pensioners (being granted a pension for the first time in 2008) due to the pension reforms 2003 and 2004 (see above chapter 2.1.1.). The results show losses between – on average – 1.3% and 5.5%, depending on sex, type of pension and pension level. Normally, old-age pension losses (in % of the benefit) are higher for people with comparatively low benefit level than for people with comparatively high benefit level. Even more strikingly, with one kind of pension losses are close to zero for men, and women enjoy even gains of about 5%, when compared to regulation before the reform 2003/2004 (ibid., 27). This applies within the scheme of early old-age pension due to very long insurance records (*Hacklerregelung*, see above). Evidently, incentives appear not to be set in a proper way here (see for similar results Stefanits/Hollarek 2008).

The topic of early retirement is as well addressed by a recent research report by Famira-Mühlberger et al. (2009) which analyses the labour market performance of nine EU-member states in the light of the respective systems of social protection in place. Special focus is set on the group of the inactive population. The study analyses the different reasons for not joining the labour market and the influence of the social security systems regarding the size and composition of those being inactive. Concerning the labour market activity of older workers (50-64 years), the study shows that early retirement is the main reason for inactivity in countries with a low legal retirement age and a high net replacement rate. For Austria, the authors conclude that the respective effects of the pension reforms 2000-2004 are limited because of interim and special arrangements. Regarding the reform of invalidity pensions, the authors propose a reform focussing on re-integrative and preventive measures and the introduction of a model of partial retirement (*Teilpensionen*).

Michael Fuchs (2009) provides a rather broad assessment of the Austrian pension system with a focus on outcomes regarding women – concerning both their labour market participation and access to and level of benefits. This paper provides a very good overview of the development and features of the Austrian pension system, apart from other things providing

lots of relevant data. The author concludes that the reforms of 2000 to 2004 are likely to affect women especially (in terms of lower benefit levels), and that there is a need for re-regulation in this area. Ingrid Mairhuber (2009) comes to largely similar results when analysing the development of the Austrian pensions system since the beginning of the 1980s.

Stefanits et al. (2009) provide a detailed analysis of what happens if people file for invalidity pensions. The results show that access to invalidity pension is not as easy as sometimes supposed by the media and in political discussions (where it is often assumed that invalidity pensions in Austria now serve as a kind of substitute for different forms of early retirement that were abolished under the pension reforms 2001-2004). In fact, many benefit recipients of invalidity pension show a long “applicant’s history” before being granted an invalidity pension.

Also Ruddy (2010) deals with invalidity pensions. First, he provides a rather detailed description of respective regulation and of respective decisions made by the constitutional court. Then he describes the results and ideas for re-regulation that were developed within various working groups that were established regarding this topic at the national level. Regarding the latter, this paper contains kind of a (very short) summary of the results of the project “Invalidität im Wandel” (changes in invalidity), which was conducted by an expert working group set up by former Minister for Social Affairs, Erwin Buchinger, in fall 2007. The results of this working group are published in more detail in BMASK (2009b). The latter contains a rather detailed analysis of the system of invalidity pensions in Austria. This analysis comes to the conclusion that there is need for reform (especially regarding prevention, rehabilitation and administrative matters). But at the same time it comes to the result that invalidity pension is in most cases granted because of real health problems of benefit claimants, and that against this background invalidity pension does in fact not *particularly* serve as a substitute for various forms of early retirement that were abolished several years ago (see above).

2.1.4 Pensions: critical assessment of reforms, discussions and carried out research

As sketched out above, the gradual reforms decided on during 2009 contained a change regarding the part-time allowance for older workers (*Altersteilzeit*), a prolongation of transitional allowance (*Übergangsgeld*), minor changes regarding the implementation of “means-tested equalisation supplement” (*Ausgleichszulage*) in terms of the duty to have one’s “regular residence” in Austria, decisions regarding indexation of pensions and changes on minimum quota of investment in stock market shares within the third pillar of the pension system (i.e. within the “premium-aided pension savings scheme”).

The first two measures are related to the labour market integration of older people. Employment rates of persons aged 55 and over are still rather low from an international comparative point of view, and different forms of early retirement still play a major role in the Austrian system of old-age schemes (irrespective of the reform steps taken in 2001, 2003, and 2004). In this context it is fair to say that, to some extent, invalidity pension was used as a substitute for other forms of early retirement (abolished in the course of the already mentioned reforms), although there is room for interpretation on that point. The two reforms actually decided not to address these problems in a structural way. Hereby, the prolongation of transitional allowance has been decided as an ad-hoc measure in the light of the financial and economic crisis, whereas the reform of part-time allowance for older workers may serve as a tool to contribute to longer labour market integration of older workers, however on a part-time basis only. Here, it has to be awaited if the respective changes of the incentive structure will lead to an increase of permanent part-time employment (when compared to the

blocked model). Furthermore, raising the minimum age for access to part-time allowance for older workers may contribute to the goal to increase the actual overall retirement age.

The most pressing problems regarding early retirement – invalidity pensions and early retirement “due to very long insurance records” (*Hacklerregelung*) continued to be on the political agenda, but no agreement for reform could be reached up to now. Such an agreement (planned to be achieved in another new working group) is now envisaged for June 2010, but it is unclear if this plan will turn out to be realised. The background of these developments is characterised by a disaccord between the two Government parties (as well as trade unions and employer’s organisations) on how to handle the respective problems, and obviously also by dilatoriness to decide for unpopular measures (which might come along with decreasing support from voters). In other words: It appears that “non-decision” (Weaver 1987) and “blame avoidance” tactics (Pierson 1996) is what determines the rationale of some of the political players involved.

The problem of – in some cases – low benefit levels was not addressed in a structural way. At a general level (and by addressing more fundamental questions of inter and intra-generational justice) this would include a major change of the calculation formula for old-age pensions, which is not on the agenda at the moment. Hereby, the situation that the median of newly granted (!) individual old-age pensions for women amounts to less than 50% of the respective benefit level for men²² often appears to be accepted as a mere fact. In other words: A substantial discussion on such questions is currently not taking place.

The reduction of the benefit level of the “means-tested guaranteed minimum income scheme” (GMI), which was decided even before it got introduced (see above chapter 2.1.1), will reduce the positive effects of this reform for people over retirement age who do not have access to pension benefits and currently have to draw on traditional social assistance to some minor improvements only (e.g. full access to health insurance; see below chapter 2.2.1.).

Three other points made in my asisp report 2009 (see Fink 2009) still apply largely unchanged. One is the problem of the extreme complexity of the current system of old age pensions, which is to a large degree stemming from the reforms of 2003 and 2004. Another one is the still evident lack of data modelling dealing with the supposedly long-term effects of the reforms of 2003 and 2004 regarding future benefit levels and different kinds of employment and careers etc. More monitoring and data would also be necessary regarding the development of occupational pensions, the new severance pay scheme and premium-aided pension savings scheme (i.e. the second and the third pillar of old-age security in Austria).

2.2 Health

2.2.1 Health: system characteristics and reforms

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

²² Data for 2008. Source: Hauptverband der Österreichischen Sozialversicherungsträger (2009).

The Austrian health sector has a system of “mixed financing” (see Statistik Austria 2009 for more details). About one quarter of health expenses is covered by private households and about three quarters are financed by the public sector. Regarding the latter, about 60% come from health insurance contributions, about 40% from the tax yield. The total expenditure on health care (excluding expenditure on long-term care) in % of GDP rose from 7.4% in 1990 to 8.8% in 1999 and 9.1% in 2004. Since then, spending for health in % of GDP has remained rather stable (9.2% in 2008). Public health expenditure corresponded to 76.9% of the total expenditure in 2008. The public share increased during the 1990s (starting at 73.4% in 1990) but has remained largely stable since 2000 (76.8%).²³

Reasons for the long-run growth of expenditure for health are to be found, as in many other countries, in a) demographic factors; b) technological developments in the health sector resulting in an extension of the range of medical ailments that can be treated; and 3) – partly caused by the first two factors – the rising relative price of health care. Irrespective of the fact that total spending on health in percent of GDP did not increase significantly between 2004 and 2008, the financial situation of the health insurance funds remained tense, and more recently some of them even turned out to be close to bankruptcy (see below for more details). In this context it is worth noting that their enduring financial problems appear to be not least of a structural nature, as these bodies are primarily financed through insurance contributions, and the wage share in percent of the GDP has been decreasing significantly over the past two decades (see Hofmarcher/Rack 2006; Hofmarcher 2008).

About 98.8% of the Austrian population are covered by the social health insurance (see Fuchs 2009a), organised as a compulsory insurance for people in gainful employment. However, health insurance in Austria goes far beyond the scope of an insurance for employed persons since, in addition to the directly insured parties, it also covers dependent members of their families. About one third of the persons covered by the statutory health insurance are co-insured family members who do not pay contributions of their own (e.g. children, housewives/househusbands). Periods without insurance appear to be a short-time phenomenon in many cases (but see for more details Fuchs 2009a, 329), and people who are not covered by health insurance may opt in to the system at their own expense (however, some waiting periods may apply here.). Furthermore, people without insurance may have access to health care services via Social Assistance (means-tested).

The Austrian health care system underwent large scale structural reform in the course of the health care reform of 2005 (for more details see Hofmarcher/Rack 2006). Given the substantial structural changes and the respective measures they imply, this reform was intended to be enforced via gradual implementation and stepwise realisation with a focus on more integrated nation-wide planning, assuring and improving the quality of the health system throughout Austria, and ensuring the financial sustainability of the health care system. This is a complicated task, as the overall architecture of the Austrian health system remains a rather complex one, entailing a decentralisation of powers and multiple financing instruments (irrespective of the reforms of 2005, which were aimed at improving integrated planning by the introduction of a Federal Health Agency, a Federal Health Commission and a Structural Healthcare Plan at the national level and of State Health Funds and Health Platforms at the Laender level).

In this context, it is worth noting that the long-term objective of a “one-stop financing” has not been reached so far (due to resistance by different players and stakeholders within the system, fearing for their autonomy) (see Czipionka et al. 2008; 2009; 2010; Schelling 2010)

²³ Data provided by StatistikAustria according to OECD System health Accounts:
http://www.statistik.at/web_de/static/gesundheitsausgaben_in_oesterreich_laut_system_of_health_accounts_oecd_199_019701.xls.

for a detailed discussion). In fact, the latest agreement between the Federal Republic of Austria and the federal provinces (Laender) pursuant to Article 15a of the Federal Constitution Act (*Bundes-Verfassungsgesetz/B-VG*), which became effective on 1 January 2008 (and is planned to be binding until 2013)²⁴, has all in all prolonged the extremely complicated financing structures as fixed by the reform of 2005. This development is not in line with recommendations repeatedly made by organisations like the OECD (2005) or national experts (Hofmarcher/Rack, 2006) proposing the assignment of financing and spending responsibilities for both the hospitals and practising physicians to one government institution (see as well Schelling 2010).

As described in my asisp report 2009 (see Fink 2009, pp. 12), attempts to reform the Austrian health system in a more structural way failed in 2008 against the background of fierce opposition, especially by the medical professions and their interest groups, and the early termination of the former governing coalition of SPÖ and ÖVP. This, apart from other things, meant that the leaving government left urgent actual problems of financing within several Austrian health insurance providers (*Krankenversicherungsträger*) largely unsolved when the coalition government collapsed in early summer 2008. In fall 2008 the overall debt of all health insurance funds amounted to approximately EUR 1.2 Billion, the yearly deficit in 2008 was EUR 132 million, and some of them appeared to be close to bankruptcy, as deficits of about EUR 64 million were expected for 2009.²⁵

However, things turned out differently, and in the end the Federation of Austrian Social Insurance Providers (*Hauptverband der Sozialversicherungsträger*) reported an overall surplus of EUR 146.9 million of health insurance providers in February 2010.²⁶ This development may be explained against the background of the following points:

- Already in summer 2008 it was decided to reduce the value added tax for drugs from 20% to 10%. This was part of the “election sweets package” decided in the context of the national elections of September 2008. Originally, the main argument was that this should soften financial burdens for ill people in the light of rising inflation (reducing their co-payments for drugs). But in fact this measure also helped the health insurance providers with reducing their deficits.

- In early 2009, the Government agreed on the principles of a “package on debt relief and financial consolidation”. In principle, this consists of additional financial support from the federal budget, however partly linked to the conditionality of own plans for cost containment by the health insurance providers. Approx. EUR 45 million were granted immediately as a kind of “ad-hoc emergency subsidy”. The “emergency fund” was dissolved, adding another EUR 43 million of “fresh money” to the budgets of the health insurance providers. Furthermore, another EUR 450 million were announced to be disbursed to the health insurance funds as from 2010 (EUR 150 million each in 2010, 2011, and 2012), and another EUR 100 million will be used to finance a structural fund (as well as from 2010).

However, it was agreed that to get access to the money from the federal budget, health insurance providers will have to provide their own plans for cost containment until June 2009.

- The Federation of Austrian Social Insurance Providers started negotiations with the respective health insurance funds, the Austrian Medical Chamber (the statutory interest organisation of physicians in Austria) and the Austrian Chamber of Pharmacists (the statutory interest organisation of pharmacists in Austria) in autumn 2009. They agreed on a reform

²⁴ See for the full text of this agreement:

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

²⁵ See: Die Presse, 17 August 2009.

²⁶ OTS0211, 15 February 2010.

package in early summer 2009, and in September the national Government agreed that it accepted these plans and that for this reason respective subsidies from the federal budget would be paid to the health insurance funds.²⁷ The reform package pursues the plan to save expenses of no less than EUR 1.7 billion until 2013. Here, the reference for calculation are forecasts of the likely development of expenses made by the Federation of Austrian Social Insurance Providers itself (here, it is worth noting that, evidently, the envisaged “cost containment” is reached the easier, the more pessimistic these forecasts are). The package contains gradual reform only, whereby cost-containment is planned to be achieved by a series of rather small- or medium-scale reforms regarding organisational questions and measures to cushion expenses on drugs. On the whole, the goal is to achieve cost containment without explicit retrenchment in quality and accessibility of services. In more detail, the reform entails the following points (see Hofmarcher 2009a):

Regarding physicians and other contractual partners (envisaged cost-containment: EUR 797 million):

- Establishment of new ambulatory care models (limited liability companies solely managed by doctors).
- Application of unified criteria for fee negotiations mainly aiming at linking the development of revenues to fee levels including more emphasis on prescribing behaviour and some consideration of the risk structure of the population.
- New rules for terminating contracts have to be established.
- Expansion of opening hours are envisioned.
- Development of new “location plans” by including other ambulatory care providers.
- Possibilities for single contracts with out-of-network doctors (*Wahlärzte*) for specific services, i.e. cardiovascular specialists.
- Disease management programs should be piloted and quality assurance developed further.
- Establishment of a body to govern IT-related issues in contractual relations between providers and the Federation.

Regarding drugs (envisaged cost-containment: EUR 883 million):

- Incentives have to be developed for the prescription of low cost drugs.
- Lower co-payments for the most cost-effective drugs are planned.
- Measures to prevent multiple prescriptions.

Regarding administration (envisaged cost-containment: EUR 45 million):

- Increased efforts to restructure “back office” tasks by unifying data processing and reducing IT-costs.
- Standardising purchasing models.
- Collective contracts with providers will be published electronically via the Austrian national library (“ANNO database”).
- Regular benchmarking across sick funds and contractual partners on the basis of models suggested by the Federal Audit commission.

²⁷ See e.g. APA0601 II, 14 September 2009.

2.2.2 Health: debates and political discourses

As described in my asisp report 2009 (Fink 2009), plans (presented in April 2008) to reform the Austrian health system in a more structural way failed in 2008. All in all, this reform would not have led to gradual changes only, because the power of one important player on the demanding side (i.e. health insurance funds) would have been enhanced, whereas the power of suppliers (i.e. the medical professions and their interest groups) would have been reduced to some degree. Furthermore, the powers of the umbrella organisation of health insurance funds would have been enhanced by introducing a new self-governing body (the SV-Holding), which would have come along with a gradual centralisation of the rather fragmented system of (regional) health insurance funds. However, this would at the same time have come along with a structural rise of the strategic power of the (regional) health insurance funds vis à vis the service providers. At the same time it is evident that this reform would not have been a reform covering all strands of the health care system, because the hospital sector was largely left out of consideration.

One more attempt was made to reform the Austrian health system in October 2008, via a paper developed by the social partners (see Die Sozialpartner 2008). This one would have been even more far-reaching than the one presented in April 2008. However, this paper was not widely discussed in the public, and it appears that the social partners themselves did not circulate it in a pro-active way.

On the whole, this means that structural problems of the Austrian health system (e.g. fragmentation of competencies; extremely complex structures of financing; problems of nation-wide planning and quality control; disaggregation of planning and financing etc.) were on the agenda before 2009 to a considerable degree. Against this background, one might have expected that the new government programme (2008-2013) would contain some more concrete points on how to proceed with the topic. Yet, although the chapter on health within the new government programme is rather extensive (p. 179-186), the goals listed are of a rather general nature, and the measures to reach them were, in most cases, left to further negotiations between the new (and old) coalition partners and other relevant players within the field of health policy.

The new Health Minister (Alois Stöger, in office since fall 2008) appears to have followed a rather pragmatic way. Given the huge deficits expected for the health insurance providers, he did not start a new discussion on overall structural reform, but managed to arrange for additional funds from the federal budget to prevent illiquidity of health insurance providers. Then he handed the topic over to the Federation of Austrian Social Insurance Providers, the Austrian Medical Chamber and the Austrian Chamber of Pharmacists to agree on a package of cost-containment. In other words: The demanding side (i.e. health insurance funds) and the suppliers (i.e. physicians and pharmacists) were asked to formulate respective policies to reduce expenses by themselves. As described above, they did, and respective measures have been accepted by the Government in September 2008.

However, this way of dealing with the respective problems was criticised for a number of reasons:

- The pharmaceutical industry complained that they had not been invited to take part in the respective negotiations.²⁸
- The ÖVP, and especially Vice Chancellor (and Minister for Financial Affairs) Josef Pröll, expressed doubts that the measures for cost containment presented by the Federation of Austrian Social Insurance Providers would really lead to the envisaged relative cuts in

²⁸ OTS0008, 23 June 2009.

expenses within the health care system. For this reason, Pröll at first refused to accept the reform package and asked for further details of the reform plans and more data on financial effects.²⁹ This attempt was criticised e.g. by the health insurance providers³⁰, the trade unions³¹, the Austrian Medical Chamber³², the SPÖ and some political parties in opposition.³³ The topic remained to be somewhat controversial over the summer of 2009, but in September 14th SPÖ and ÖVP agreed that the respective reform package (with slight changes only) should be implemented and that the respective goals of cost-containment appeared to be reasonable, but that proceedings should be monitored closely.³⁴

- One more general point is that this reform only entails gradual adaptation within the field of health insurance providers and practising physicians, but not the hospital sector (which is to a large degree under the influence of the Laender, but substantially financed by the health insurance providers). This point has e.g. been brought forward by the Green Party in opposition³⁵ and also in many comments in the daily press.

Against this background, the discussion about more far reaching structural reform gained some attention again as from winter 2009/2010. Vice-Chancellor and Financial Minister Josef Pröll (ÖVP) announced that he favoured a change of the system towards “one-stop financing”³⁶, as did the president of the Federation of Austrian Social Insurance Providers, Hans Jörg Schelling³⁷ or the Green Party in opposition.³⁸ Up to now it is – among others – especially the governments of the federal provinces (Laender) that oppose such aims, as for them policy regarding hospitals appears to be an important instrument of “credit claiming” in day-to-day politics. All in all, no more explicit negotiations on this topic between relevant players have been started up to now.

However, this question will be on the agenda again, at the latest when negotiations for the new agreement on health policy between the Federal Republic of Austria and the federal provinces pursuant to Article 15a of the Federal Constitution Act (*Bundesverfassungsgesetz/B-VG*) will start in 2012 – or maybe even earlier (the current is binding until 2013).

2.2.3 Health: overview of published impact assessment

Literally speaking, it is impossible to give a sound overview of published impact assessment regarding the health system in Austria. This is due to the fact that no encompassing and systematic monitoring and evaluation of the Austrian health care system takes place.

Yet, information in this respect is available from a variety of sources. Important statistic data are provided by Statistik Austria via “Yearbook of Health Statistics 2008“ (see Statistik Austria 2009). This publication does – generally speaking – include some variety of data on the Austrian health system and corresponding impacts and outcomes (like health status), but not an analysis of underlying causal relations.

²⁹ See OTS0115, 1 July 2009.

³⁰ See e.g. OTS0251, 1 July 2009.

³¹ See e.g. OTS0218, 1 July 2009.

³² See OTS0205, 1 July 2009.

³³ See e.g. OTS0195, 1 July 2009.

³⁴ See e.g. OTS0244, 14 September 2009; OTS0246, 14 September 2009.

³⁵ See e.g. OTS0307, 15 September 2009.

³⁶ See OTS0146, 14 October 2009.

³⁷ See OTS0226, 14 October 2009 and Schelling (2010).

³⁸ See e.g. OTS0159, 10 November 2009.

Apart from a recent book by Laimböck (2009, see below), the most comprehensive analysis of the Austrian health system is available from “European Observatory on Health Systems and Policies”, organised by the WHO (see Hofmarcher/Rack 2006). Although this publication is not up-to-date, it still gives a broad picture and analysis of the rather fragmented (given the role of the Federal Government, the federal provinces and different health insurance funds) Austrian system of health care (see also Merkur et al. 2008 for a related attempt). This fragmentation leads, according to Hofmarcher/Rack (2006), to regional inequalities regarding access and – generally speaking – to some degree to inefficiency and problems of integrated governance (see also Hofmarcher 2008).

Related topics are as well addressed and analysed by Laimböck (2009), who – however – comes to the conclusion that respective problems may not be solved by “more governance”, but by more competition between health insurance providers and hospitals. Furthermore, he also demands “one-stop financing” and the introduction of managed-care models, with a strong role for the family physician, who e.g. might prevent unnecessary multiple medical exams etc.

Information and assessments on specific actual policies and reform plans are available from Health Policy Monitor (sponsored by the Bertelsmann-Stiftung). The national experts, providing analyses for this network, are – by and large – the same persons as those authoring European Observatory by WHO. These experts are located at the Institute for Advanced Studies (IAS, Institut für Höhere Studien), forming a research group on “Health Economics and Health Policy”. They also produce the series “Health System Watch”, which is produced as a supplement to the Journal “Soziale Sicherheit”, published by the Federation of Austrian Social Insurance Providers. Topics covered by Health Policy Monitor in 2009 are the same as those of the reform package proposed by the Federation of Austrian Social Insurance Providers and passed by the Government in September 2009 (Hofmarcher 2009a), the financial problems of the health insurance providers (Hofmarcher 2009b) and the introduction of CIRSmedical, a new electronic reporting system on adverse events in the context of the treatment of patients (with the goal to enhance exchange of knowledge among health care providers) (Hofmarcher 2009c). Within “Health System Watch”, Czypionka et al. (2009; 2010) deal – apart from other things – with the topic of “one-stop financing”. These assessments come, generally speaking, to the conclusion that, given the still very complex organisational structure, there is need for further reform of the Austrian health care system. This applies for essential questions of the decision making and funding structure (with a high probability of interlocking effects due to multiplicity of relevant actors and inter-organisational transfers of funds). Secondly, this is also true with regard to the de-facto implementation of instruments for monitoring, evaluation and quality management. Regarding the latter, the health care reform of 2005 launched the further development and expansion of respective institutions and measures, but de-facto the actual impact still appears to be limited or unknown, due to a lack of more detailed respective data and research (however, for an overview of new respective institutions³⁹ introduced after 2005 see Hofmarcher 2009c). On their homepage, the Federal Institute for Quality in Health Care (BIQG) states that “current data availability does not allow for encompassing reporting on quality in health care in Austria”.⁴⁰ For this, the BIQG is currently producing “pilot reports” on specific topics of health care (like breast cancer treatment) and collecting data for more encompassing assessments and monitoring in future. At the same time it is evident that the

³⁹ These are first of all: Federal Institute for Quality in Health Care (Bundesinstitut für Qualität im Gesundheitswesen - BIQG); Austrian Association of Quality Assurance and Management - OEQMED (within the Austrian Medical Chamber); the Platform Patient Safety (“Plattform Patientensicherheit” - ANetPAS) located at Institute of Ethics and Medical Law of the University of Vienna.

⁴⁰ See <http://www.goeg.at/de/Bereich/Patientensicherheit-und-Qualitaetsinformation.html>.

topic of health care quality is on the agenda – but the actual effects of earlier and more recent efforts are largely unclear.

From an international comparative point of view, a rather large amount of information is available via the publication “Health at a Glance” by OECD (2009). On most issues, this does not provide longitudinal data (i.e. time series), but data for one year only. Austria performs rather well on many input- und output-indicators – like equal access, mortality rates and technical equipment etc., but rather poor on some others. Regarding the latter, it is especially worth mentioning that the number of acute hospital beds per population is still very high from an international comparative point of view, whereas the average stay in hospital for acute care could be reduced considerably between 1995 and 2007 (with 5.7 days it is now below OECD-average of 6.5 days). Austria does as well show extremely high hospital admission rates, even in case of problems that could easily be dealt with in primary care (like hypertension). Moreover, hospital discharges (i.e. the number of people who have to stay in a hospital each year) per population are the highest in all OECD countries. It amounts to 278 persons per 100,000 of the population, compared to 158,000 at OECD-average. Consequently, a very large share of overall spending of the health system (36%) is allocated to in-patient health care (compared to 29% at OECD-average). Expenditure on pharmaceuticals with 1.3% of GDP is below OECD average (1.5%) but considerably higher than e.g. in Norway (0.7%) or Denmark (0.8%). Overall, according to this evaluation, especially the figures regarding the frequency of hospital admission rates and hospital discharges are extraordinary from an international comparative point of view (this is especially true as the density of general practitioners is rather high as well).

2.2.4 Health: critical assessment of reforms, discussions and carried out research

As sketched out above, one main challenge for the Austrian health care system is the complexity of its organisation, coming along with a multitude of relevant decision makers (apart from other players the federal state, the federal provinces and the health insurance funds) and a very complex and ramified system of financing.

In this context, the situation occurs that those making decisions are not always those that have to finance the respective measures at the end of the day. For the hospital sector, the health reform of 2005 tried to address these problems by establishing new institutions, such as the Federal Health Agency (*Bundesgesundheitsagentur*), the Federal Health Commission (*Bundesgesundheitskommission*) and the Structural Healthcare Plan (*Österreichischer Strukturplan Gesundheit*) at the national level and State Health Funds (*Landesfonds*) and Health Platforms (*Gesundheitsplattformen*) at the Laender level. One important point is that it was planned to have the effects of the health care reform of 2005 evaluated by 2007 at the latest (the federal state and the federal provinces agreed to evaluate the impacts of the reform every two years). However, this task has not been comprehensively accomplished for the time being. Thus, it is rather unclear if and to what extent the respective measures have actually helped to improve the quality and sustainability of health care in Austria.

The plans for a more structural reform regarding the financing of outpatient care were scrapped against the background of the fierce opposition of diverse political players and interest groups. The new government came up with some measures to safeguard the short- and mid-term financial liquidity of the health insurance funds by allowing for additional resources from the federal budget. These additional funds are – to the largest degree – subject to the conditionality that health insurance funds will apply measures of cost containment during the coming years (see for the respective reform package chapter 2.2.1 above). However, first, it is unclear if these measures will really lead to the intended effects. The

second, even more important point is that the hospital sector is almost not affected by these reforms. To address problems in this field (evident from some of the data by OECD presented above), a deeper structural reform would be necessary. But the latter is not really on the political agenda at the time of writing this paper.

Regarding research carried out, it is evident that no encompassing and systematic monitoring and evaluation of the Austrian health care system is taking place for the time being. Respective assessments are more of an ad-hoc nature, rather fragmented or outdated. In this context it is worth mentioning that the Austrian Federal Institute for Public Health (*Österreichisches Bundesinstitut für Gesundheitswesen*), which is governed by public law and financed by taxes, could in principle serve as an institution to fill this gap. However, up to now they deal with a wide variety of particular issues and problems within the Austrian health system, however in doing so omitting large-scale structural questions for the most part.

2.3 Long-term care

2.3.1 Long-term care: system characteristics and reforms

As in health care, the system of long-term care in Austria is of federal nature as well. Here, the most relevant players are the central state and the federal provinces (and to a lesser degree the municipalities). The long-term care benefits (*Bundespflegegeld*; introduced in 1992) are cash benefits and fall within the competency of the central state and (to a lesser degree) the Laender (financed via taxes). These cash benefits can be used to buy formal care services from public or private providers or to reimburse informal care giving. In addition, the Laender (pursuant to Article 15a of the Federal Constitution Act (*Bundesverfassungsgesetz / B-VG*, endorsed in 1993) are responsible for establishing and upgrading a decentralised and nationwide delivery of ambulatory, outpatient, semi-outpatient and inpatient care services (see e.g. Hofmarcher/Rack 2006, pp. 138; Riedel/Kraus 2010, pp. 21).

However, roughly 80% (Riedel/Kraus 2010, 2; BMASK 2009c, 4) of the people in need of care receive it at their own homes from family members or – to lesser degree – from privately hired nurses (de facto mainly women from the new EU Member States). The latter, termed as the problem of “24-hour care”, was a major topic in 2007 and 2008, and progress has been made in creating a legal and state sponsored model to deal with this topic (see Fink 2009, pp. 20; Bachinger 2009). Previously, these arrangements had de jure the character of illegal employment. In reaction to this development, the Government created a framework to legalise such arrangements in 2007 and introduced an additional benefit to cover extra costs due to integration into social insurance etc. (see e.g. Ruddy et al. 2008; Rupp/Schmid 2007; Fink 2009, pp. 20; Bachinger 2009; BMASK 2009c, pp. 21).

As from 1 January 2009, long-term care benefits were increased between 4% and 6%, depending on the level of long-term care benefit (with higher increases in case of higher benefits, which at the same time means in case of a greater need for care) (see e.g. Riedel/Kraus 2010, 32).⁴¹ This was as well part of the already cited “election sweets package” of September 2008. In this context it is worth noting that long-term care benefits are not indexed on a regular basis in Austria, but only according to explicit political decision. Long-term care benefits have – since their introduction in 1993 – only been raised in 1994, 1995, 2005 and 2008.

⁴¹ See for some other minor changes regarding long-term care benefits, that are part of the same amendment of the Act on Long-Term Care Benefits (*Bundespflegegeldgesetz*) (BGBl. I Nr. 128/2008) BMASK (2009c, pp.4). On the whole, these additional changes make access to long-term care benefits easier for specific groups.

In 2009, only some minor adaptations took place:

- As from August 2009 (2. SRÄG 2009, BGBl. I Nr. 83/2009), the state covers contributions to old-age insurance of caring family members who decide to opt-in to old age insurance as from level three of long-term care benefits. Previously, this only applied in case of long-term care benefits of level five and above. This means that the group of caring family members whose contributions for old-age insurance are covered by the state (if they opt in to old-age insurance) have been expanded.

- Also, as from August 2009 (3. SRÄG 2009, BGBl. I Nr. 84/2009), the access to “co-insurance without insurance contributions” (*Beitragsfreie Mitversicherung*) in health insurance was expanded. Hereby, relatives providing care *or* people in need of care may – under specific conditions – be mutually co-insured within the health insurance of the respective other person without additional insurance contributions. In other words: only one of the two has to be insured in health insurance on a regular basis (providing insurance contributions), whereas the second person may be co-insured without contributions of his/her own. This already applied as from level four (and above) of long-term care benefits, but has not been expanded to level three as well (see BMASK 2009c, 7 for more details).

Apart from that, regulations regarding recourse on the income of family members (i.e. full-aged children for parents) in case of intramural care (at public nursing homes etc.) were abolished in all federal provinces as from 1 January 2009 (some of them had cancelled them even earlier) (see e.g. Fink/Grand 2009b, 16).

2.3.2 Long-term care: debates and political discourses

As stated above, the question of long-term care was quite present on the political agenda in 2008, and during the election campaign political parties seemed to overtake each other with proposals for raising benefits etc.

The new government programme for 2008-2013 addresses rather structural questions, in the first instance the goal to establish a “care fund” (*Pflegefond*) at the federal level to safeguard the financial sustainability of long-term care schemes in place, as well as the introduction of a leave-scheme for caring family members (*Pflegekarenz*). The topic of the introduction of a care fund continued to be discussed to some degree during 2009, however without any more concrete outcome. The envisaged leave scheme for caring family members appears to have disappeared from the political agenda altogether.

On the whole, when compared with the years 2007 and 2008, the topic of long-term care has lost public and political attention to a considerable degree. Some political parties in opposition and social NGOs made several attempts to push the topic, the latter by demanding a “social stimulus package” (adding up to the existing financial and labour market packages decided to deal with the economic crisis; see Fink/Grand 2009a), taking into account access to and upgrading of social services.⁴² However, they were not very successful, and the topic of long-term care appears to be kind of pushed off the political agenda by other subjects (like the general economic situation, overall labour market performance and the starting discussions on the consolidation of public budgets etc.).

⁴² See e.g. OTS0255 CI, 1 July 2009; APA0305 II, CI 26 January 2009.

2.3.3 Long-term care: overview of published impact assessment

The development regarding long-term care is subject to the above mentioned yearly report of the working group for long-term care (*Arbeitskreis für Pflegevorsorge*) (BMASK 2009c). However, this report is to a large degree of a merely descriptive nature and does not provide an assessment in the narrow sense. The latter especially holds true for questions of the quality of long-term care services.

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

One other assessment worth mentioning is a very informative PhD-Thesis about the subject of “24 hour care at home” provided by privately hired nursing (especially from new member states of the EU) (Bachinger 2009). This assessment contains a rather large degree of new empirical insight into the topic, including information gathered by a written survey among private “employment agencies” that offer “placement services” for nursing staff from Eastern Europe. Bachinger comes to the conclusion that the legalisation and public sponsoring of such arrangements (decided in 2007, see above) perpetuates the “familialisation” of the problem of long-term care in Austria.

2.2.4 Critical assessment of reforms, discussions and carried out research

As sketched out above, no major reforms have taken place since the beginning of 2009, which means that the conclusions made in my last asisp report largely remain unchanged (see Fink 2009, p. 21).

Unmet needs still appear to be evident regarding guidance, support and education for people informally caring for other people at their homes (the latter applies irrespective of relevant measures already in place; see BMASK 2009c, p. 18). Quality management in the context of the model of “24-hour care” appears to be rather marginally developed and in need of improvement as well (but see for respective regulations in place: BMASK 2009c, p. 24).

Furthermore, it would be necessary to examine inequalities regarding access to outpatient and semi-outpatient services in more detail and adapt the respective systems according to the findings (possibly introducing increased subsidies for people with low income when purchasing such services). Information about the actual offers and accessibility of such services is, given the institutional fragmentation within this policy area, very limited for the time being. The Ministry for Social Affairs has assigned a research project on this topic to Gesundheit Österreich GmbH. Results are expected for end of April 2010 and are not yet available.

From a mid-term perspective it would be necessary to discuss strengths and weaknesses of the system in place in a more structural way. This would, apart from the points made above, also cover questions of long-term financial sustainability and alternatives to the current model of “24-hour care”,⁴³ which does not appear to be a sustainable model to cover future rising needs (as this is, apart from other problems, likely to become “unaffordable” for private households in the mid-term future, given rising living standards and wages in countries providing carers, this way making such arrangements less interesting for potential carers) (see as well Bachinger 2009, pp. 233).

⁴³ Until the end of November 2009 about 7,500 persons applied for the subsidy due to legalised 24 hours care at home (BMASK 2009c, 23). This is likely to cover approximately 18,000 privately hired carers, as in most households respective tasks are fulfilled by two or more persons alternately. Earlier estimations assumed that the number of (then illegally employed) privately hired carers may be as high as 40,000 (see Riedel/Kraus 2010, 16).

3 Impact of the Financial and Economic Crisis on Social Protection

3.1 Impact on labour market developments and social inclusion

Effects of the economic crisis on the Austrian labour market became visible in the fourth quarter of 2008, in spite of the then still growing employment numbers (mainly due to a growth in part-time employment). As from November 2008, the number of unemployed persons started to rise. This increase amounted to over 30% between February and September 2009 (when compared to the respective month of the previous year). As from October 2009, the situation started to ease to some degree, as unemployed started to decrease. So, in April 2010, the number of unemployed (registered with the labour market service - AMS) had decreased by 3.3%. However, this number is somewhat misleading, as the “registered unemployed” do not comprise jobless people in training measures. When they are taken into account as well, overall net unemployment has risen by 2.6% when compared to April 2009. The overall unemployment rate (according to Eurostat definition) rose from 3.8% in 2008 to 4.8% in 2009. Men were much more affected by this increase (2008: 3.6%; 2009: 5.0%) than women (2008: 4.1%; 2009: 4.6%). The overall employment rate declined from 72.1% (2008) to 71.6% (2009), and part-time employment was rising (from 22.6% in 2008 to 23.7% in 2009).

Unfortunately, no up-to-date data are available regarding direct impacts of this rise in unemployment with respect to the number of people at risk of poverty or regarding depth of poverty. However, we know that the adjusted household income will decrease considerably in the case that unemployment were the “main activity” (to 69% of the adjusted median income, whereas it amounts to 115% in case of full-time employment, and to 104% in case of part-time-employment; see BMASK 2009, 28). However, at-risk-of-poverty rates are much higher in case of long-term unemployment than in case of short-term-unemployment. This is caused by the fact that unemployment benefits may be granted for the duration of 20 to 52 weeks (depending on age and preceding employment record) and are then replaced by unemployment assistance (which is of a lower level and partly means-tested). Respective benefits are often at or just above the level of the at-risk-of-poverty threshold. Long-term unemployment (registered with the unemployment service for six months or more) had risen by 32% in 2009 (when compared to 2008).

The topic of inflation or the high cost of necessities has disappeared from the political agenda almost completely, as inflation, which was high throughout 2008, declined considerably to 0.0 % in September 2009, but started to rise again thereafter. In April 2010, inflation amounted to 1.8% when compared to April 2009 (which is a relatively high number from an international comparative point of view; Euro area: 1.4%). Whilst the inflation rate for food still remains to be negative (-0.5%), the inflation rates for housing costs (+2.8%) and clothing (+ 1.1%) are considerably higher (see EUROSTAT 2010).

3.2 Measures decided to tackle the crisis

In its strategic approach the Government concentrated on general problems of the financial markets and the labour market.

Economic stimulus packages and a tax reform aimed at stimulating the general economic demand. Overall, the costs for the two programmes for economic stimulation and the tax reform amount to a sum of about EUR 10 billion for 2009/2010, which equals 3.5% of the

nominal GDP of 2008. In addition to this, the federal provinces (*Bundesländer*) will additionally spend approx. EUR 2 billion on crisis-related measures in 2009/2010 (most of it for pre-drawn investment in infrastructure). This sum is equal to approx 0.7% of the nominal GDP of 2008. According to an evaluation by WIFO (see Breuss et al, 2009), these measures (together with measures decided by the ten most important trade partners) cushioned the impact of the crisis by 2.1% of real GDP during 2009/10, and the positive employment effect amounts to about 41,500 over the same period of time (to 23,500 in 2009). This means that the rise of the unemployment rate is reduced by 0.7 percentage points over the period of 2009/10 and that in 2009 the increase of registered unemployment is reduced by about one third (registered unemployment rose by a number of approx. 48,000 or 22.6% between 2008 and 2009).

In terms of labour market policy, the Austrian Government adopted three “labour market packages”. The most important measure in this context appears to be short-time work (aiming at the goal to maintain employment). Other measures comprise instruments aiming at distributing working time to formerly unemployed people, schemes that offer additional apprenticeships to those young people who have not been successful in finding an apprenticeships position or a job at a private company, an expansion of training schemes for unemployed, and a new scheme for subsidised jobs offered by municipalities, churches and the non-profit sector.

Social protection was not very much discussed as an instrument to tackle the crisis in a proactive way (e.g. by deliberately expanding public spending for social protection). It was only the social NGOs and the Green Party in opposition that have repeatedly demanded one more “stimulus package”, which should take the form of a “social stimulus package”, taking into account monetary benefits and access to social services as well.⁴⁴ However, this attempt has not been picked up by other political players. On the other hand, no decisions have been made to cut back or retrench monetary social benefits or social services in a more structural way. On the contrary, some decisions have been made in favour of a gradual (in almost all cases only minor) expansion of respective schemes. However, two exceptions may be mentioned: In the area of health insurance some measures for cost containment were decided. However, they are unlikely to lead to a real cut back in services, but only to a reduction of the expected increase of costs (via addressing organisational questions at first instance). Apart from that, the Government decided to cut the level of one social benefit even before it was introduced. This applies to the “means-tested guaranteed minimum income” (GMI) scheme, now – after several postponements – planned to be introduced in September 2010. When compared to original plans, this reduction amounts to about 14%. Furthermore, long-term-care benefits have not been adjusted to inflation since beginning of 2010. However, this scheme is not subject to regular adjustment in Austria and respective benefits are in fact increased only very rarely (going ahead with an overall decrease of real benefit level).

3.3 (Likely) future developments

It appears that since the beginning of the crisis the main focus of the current Government has been on macroeconomic stabilisation and labour market policies in the more narrow sense. This means that – with some exceptions (financing of the health system, introduction of the Guaranteed Minimum Income scheme / GMI) – specific problems of social protection have kind of disappeared from the political agenda. In other words: most has been left unchanged, evident structural problems have been passed on to rather slow acting working groups and

⁴⁴ See e.g. OTS0255 CI 01 July 2009; APA0305 II, CI 26 January 2009.

others have not been addressed at all (like e.g. long-term financial sustainability regarding long-term care).

However, things are likely to change. This has to do with the urgent need to consolidate public budgets. Austria's public balance was -3.5% of GDP in 2009, whilst expecting -4.7% for 2010. Overall public debt has risen from 62.5% of GDP in 2008 to 73.0% of GDP. These effects do not only take place because of relatively lower revenues due to the crisis and one-time measures within the economic and labour market packages decided in the light of the crisis. This is due to the fact that the tax reform which came into force as from 2009 is not a one-time measure, implying costs of more than 1% of the nominal GDP of 2008 per year.

The Government postponed more detailed decisions regarding the budget of 2011 to autumn 2010. The official explanation is that decisions of the federal states (*Laender*) regarding their plans in regard of an administrative reform should be awaited. On the other hand, political parties in opposition argue that the Government postponed the issue because of the elections taking place on federal state level over the year, and that they will announce unpopular measures to be taken only thereafter. However, what has already been decided upon is the Federal Financial Framework Act 2011-2014 (*Bundesfinanzrahmengesetz*), which gives a very rough overview of the federal budget planned for the next four years in terms of the maximum amount that may be spent on different subjects. According to these plans cost containment measures will start as from 2011. When compared to earlier plans (according to the Federal Financial Framework Act 2010-2013) spending in the area of "work, social affairs, health and family" is planned to be reduced by about EUR 880 million in 2011 (-2.6%), by about EUR 1.28 billion in 2012 (-3.7%) and by EUR 1.27 billion in 2013 (-3.7%). However, no concrete measures (and not even proposals) have been announced up to now about how these goals of reduced expenditure in the area of social protection should be reached. This means that the Government has already agreed on the amount to which spending in social and other issues has to be reduced, but not according to which measures. When looking at other policy areas, spending is planned to be reduced by about 3.5% in 2011 in most cases. This means that expenditure reduction in social protection in 2011 will be below average, but still – given the nominal amount of money concerned – substantial.

Furthermore, tax increases are planned, with an overall effect of EUR 1.7 billion of additional revenues in 2011. However, it is not yet clear which taxes are going to be raised (or to be newly introduced). The discussions on this topic have just begun.

Overall, this means that measures of reform in the field of social protection will have to be decided in early winter 2010 at the latest. Yet, as already mentioned above, negotiations on these reforms have been postponed to autumn, meaning that there will not be much time to agree on the measures to be taken (and neither for broad public discussion). This makes it likely that respective steps agreed upon will in most cases be of gradual nature, without changing major characteristics of respective systems and schemes. Evidently, such an approach often goes ahead with the outcome that all are affected by retrenchment to the same degree in relative terms, whereby, however, the absolute impact (in terms of effects on their social capabilities) is larger for the ones that are socially disadvantaged.

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PRESS RELEASES:

OTS = press release Originaltext-Service by Austrian Press Agency

APA = press release via Austrian Press Agency

4 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

[R1; R2] FMA - ÖSTERREICHISCHE FINANZMARKTAUFSICHT, Der Markt für die Prämienbegünstigte Zukunftsvorsorge 2008, July 2009, Vienna, 14 p., retrieved from:

http://www.fma.gv.at/cms/site/attachments/6/9/8/CH0237/CMS1248860004509/pzv-erhebung_2009.pdf

“The market of the premium-aided pension savings scheme”

This short report gives an overview over the performance of premium-aided pension savings (this is the third pillar of the Austrian old-age insurance). It shows that overall financial volume in the system is still on a fast rise. But performance was negative in 2008 (-15,3% on average).

[R1; R2] KOMMISSION ZUR LANGFRISTIGEN PENSIONSSICHERUNG, Gutachten der Kommission zur langfristigen Pensionssicherung für das Jahr 2009, September 2008, Vienna, 98 p. (Part I and II), 52 p. (Part III), retrieved from:

http://www.bmsk.gv.at/cms/site/attachments/8/3/2/CH0188/CMS1218191928087/gutachten_2009_teil_1_und_2.pdf

http://www.bmsk.gv.at/cms/site/attachments/8/3/2/CH0188/CMS1218191928087/gutachten_2009_teil_3.pdf

“Expertise of the Experts commission on long-term sustainability of the pensions system for the year 2009”

In this expertise the members of the “Experts commission on long-term sustainability of the Austrian pension system” calculate the benchmark for the adjustments of the pension levels based on the consumer price index of the year 2009; they forecast developments in conduct of the pension system for the years 2009 to 2013, completed by alternative projections based on recent economic data. The authors argue that the pension levels should be increased by 3.2% in 2009 to adjust them to the inflation rate; nevertheless, the Minister for Social Affairs enacted an increase of 3.4% and preponed the enhancement to November 2008. Regarding financial conduct the expert commission foresees a rise of the federal contribution for the pension system from EUR 5.9 million in 2007 to EUR 7.4 million in 2013 (+23.2%). Using the most recent economic data

(part III of the expertise) an even larger increase to EUR 8.0 million (34.2%) can be expected.

[R1; R2] KOMMISSION ZUR LANGFRISTIGEN PENSIONSSICHERUNG, Darstellung der EPC-Szenarien über die langfristige Entwicklung der gesetzlichen Pensionsversicherung für den Zeitraum 2007 bis 2060, 17 March 2009, Vienna, 54 p., retrieved from:

http://www.bmsk.gv.at/cms/site/attachments/8/3/2/CH0188/CMS1218191928087/langfristgutachten_vom_17.3.2009.pdf

“Presentation of the EPC scenarios regarding the long-term development of the statutory oldage insurance for the period 2007 to 2060”

This report combines the newest projections of the Economic Political Committee and the “Expert commission on long-term sustainability of the Austrian pensions system” for the years 2007 to 2060. Main findings include: The revenues in the pension system will rise from 8.5% of GDP to 8.9% in 2060 (due to an increase in the assessment basis and a slight increase in the numbers of insurees). At the same time, expenditure will rise from 10.1% to 13.2% of GDP in 2060 (due to an increase in benefit levels and the predicted increase in the number of persons over 65 from 1.4 million to 2.62 million). The old-age dependency rate will rise from 554 pensioners per 1,000 insured persons to 900 (taking into account only the full-time insured). As a consequence of the recent pension reforms the global net replacement rate will decline from 0.6 to 0.45 in 2060. In total, the federal contribution, which consists in the difference between revenues and expenditures of the pension system, is expected to rise from 1.6 % of GDP to 4.4% in 2060.

[R1; R2] KOMMISSION ZUR LANGFRISTIGEN PENSIONSSICHERUNG (2009). Gutachten der Kommission zur langfristigen Pensionssicherung (§ 108e ASVG) für das Jahr 2010, Vienna, 16 p., retrieved from:

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“Expertise of the Experts commission on long-term sustainability of the pensions system for the year 2010”

In this expertise the members of the “Experts commission on long-term sustainability of the Austrian pension system” calculate the benchmark for the adjustments of the pension levels based on the pensioners consumer price index of the years 2008 and 2009; they forecast developments in conduct of the pension system for the years 2009 to 2014, completed by alternative projections based on recent economic data.

[R1; R2; R3; R5] BUNDESMINISTERIUM FÜR SOZIALES UND KONSUMENTENSCHUTZ, Sozialbericht 2007-2008. Ressortaktivitäten und sozialpolitische Analysen, January 2009, 289 p., retrieved from:

http://www.bmsk.gv.at/cms/site/attachments/4/5/5/CH0107/CMS1232705650368/sozialbericht_mitcover.pdf

“Social report 2007-2008 Department activity and socio-political analyses”

This report of the Ministry of Social Affairs and Consumer Protection informs about activities in the areas of the statutory Social Insurance, consumer protection, long-term care provision, disabled persons’ affairs, social compensation, means-tested minimum income and social assistance, pensioners’ affairs, international and EU social policy and others. It provides data on social spending, invalidity pensions, alternative forms of financing of social security, risk of poverty, development and distribution of incomes and financial assets. It includes a chapter on long-term care provision (25 p.) which informs about the number of recipients of long-term care benefits, legal amendments,

quality assurance, provisions for caring relatives, expansion of social services, employment in long-term care of old and disabled people, arrangements concerning care professions, legal matters concerning residential care and the working group on restructuring of the long-term care provision.

[R1; R2; R3; R4; R5] BUNDESMINISTERIUM FÜR SOZIALES UND KONSUMENTENSCHUTZ, Invalidität im Wandel, Vienna, 282 p.

“Invalidity in transition”

This book, written by independent experts on behalf of the ministry, contains a rather detailed analysis of the system of invalidity pensions in Austria. This analysis comes to the conclusion that there is need for reform (especially regarding prevention, rehabilitation and administrative matters). But at the same time it comes to the result that invalidity pension is in most cases granted because of real health problems of benefit claimants, and that against this background invalidity pension does in fact not particularly serve as a substitute for various forms of early retirement that were abolished several years ago

[R1; R2; R3; R4; R5] FUCHS; Michael, Women's Work and Pensions: Some Empirical Facts and Figures. Austria in an International Comparison, in: MARIN, Bernd/ZÓLYOMI, Eszter (eds.), Women's Work and Pensions: What is Good, What is Best?, 2009, Vienna, pp. 155-182.

The Author provides a rather broad assessment of the Austrian pension system with a focus on outcomes regarding women - concerning both their labour market participation and access to and level of benefits. This paper provides a very good overview of the development and features of the Austrian pension system, apart from other things providing lots of relevant data. The author concludes that the reforms of 2000 to 2004 are likely to affect women especially (in terms of lower benefit levels), and that there is a need for re-regulation in this area.

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

“Is invalidity pension still appropriate”

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

[R1; R2; R5] MAIRHUBER; Ingrid, Entwicklung der österreichischen Alterssicherung seit den 1980er Jahren, in: HERRMANN, Christoph/ATZMÜLLER, Roland (eds.), Die Dynamik des „österreichischen Modells“. Brüche und Kontinuitäten im Beschäftigungs- und Sozialsystem, 2009, Berlin, pp. 187-212.

“Development of old-age pensions in Austria since the 1980s”

Mairhuber provides a rather overview over development in old-age pensions in Austria since the 1980s. She shows that respective reforms have strengthened the traditional features of the system (linking the level of benefits to the earlier insurance record in a rather strict way). This may lead to adverse effects for people within the low-wage sector and with interrupted working careers, especially women.

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

“Bits of old-age pensions rules “

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

[R2; R3] HAUPTVERBAND DER ÖSTERREICHISCHEN SOZIALVERSICHERUNGSTRÄGER, Statistisches Handbuch der österreichischen Sozialversicherung 2009, October 2009, Vienna, 233 p., retrieved from:

http://www.sozialversicherung.at/mediaDB/607415_Statistisches_Handbuch_der_oesterreichischen_Sozialversicherung-2009.pdf

“Statistical Handbook of the Austrian Social Security”

The statistical handbook contains the final data of the year 2008 and preliminary data for 2009 regarding labour market and contributory income, health insurance, pension insurance, and accident insurance (data on insurees and benefits), long-term care benefits as well as financial conduct of the social security institutions and administration of the social security system.

[R2; R3] HAUPTVERBAND DER ÖSTERREICHISCHEN SOZIALVERSICHERUNGSTRÄGER, Handbuch der österreichischen Sozialversicherung 2010, April 2010, Vienna, 192 p., retrieved from:

http://www.sozialversicherung.at/mediaDB/664217_Handbuch_der_oesterreichischen_Sozialversicherung_2010.pdf

“Handbook on the Austrian Social Security System 2008”

This handbook informs about the development of Austria’s Social Security in 2009 and includes comprehensive data in the areas of health, pension and accident insurance, maternity benefits and long-term care benefits. It also gives an overview of legal modifications in social security law enacted in 2009.

[R2; R3; R4] STEFANITS, Hans et al., Invaliditätspensionen – Anträge, Ablehnungen und Zuerkennungen, in: Soziale Sicherheit, September 2009, pp. 422-435.

“Invalidity pensions – applications, rejections and granting”

This paper provides a detailed analysis of what happens if people file for invalidity pensions. The results show that access to invalidity pension is not as easy as sometimes supposed by the media and in political discussions (where it is often assumed that invalidity pensions in Austria now serve as a kind of substitute for different forms of early retirement that were abolished under the pension reforms (2001-2004). In fact, many benefit recipients of invalidity pension show a long “applicant’s history” before being granted an invalidity pension.

[R2; R3; R5] KAMMER FÜR ARBEITER UND ANGESTELLTE FÜR NIEDERÖSTERREICH (2010). Pensionsrecht 2010, January 2010, Vienna, 44 p., <http://www.arbeiterkammer.at/bilder/d108/pensionsrecht2010.pdf>

“Pension rules”

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

[R4] BOCK-SCHAPPELWEIN, Julia/EPPEL, Rainer/MÜHLBERGER, Ulrike, Sozialpolitik als Produktivkraft, February 2009, Austrian Institute of Economic Research, commissioned by the Office of the Federal Chancellor.

“Social policy as a production force”

This recent study analyses the impact of social policy (mainly distribution, family and care, education and labour market policies) on economic growth and employment. It argues that social policy can increase the productivity of a national economy through various transmission channels (social stability, creation of employment, improvement of the distribution, stabilisation of consumption, investment in human capital and integration of excluded groups), not only through social transfers, but also through the tax system, the public provision or promotion of infrastructure and regulations in the labour market and family policy. The study contains amongst others a chapter on the effects of long-term care on the labour market participation of women.

[R4; R5] FAMIRA-MÜHLBERGER, Ulrike/BUDIMIR, Kristina/EPPEL, Rainer/HUEMER, Ulrike/LEONI, Thomas/MAYRHUBER, Christine, Soziale Sicherungssysteme und Arbeitsmarktpfanz in der EU, Austrian Institute of Economic Research, commissioned by AMS, 2 volumes, 2010, Vienna, 125 p. (volume 1) / 96 p. (volume 2), retrieved from: http://www.forschungsnetzwerk.at/downloadpub/Soziale_Systeme_Teil1_2010_wifo.pdf http://www.forschungsnetzwerk.at/downloadpub/Soziale_Systeme_Teil2_2010_wifo.pdf

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

This recent study analyses the labour market performance of nine EU-member states in the light of the respective systems of social protection in place. Special focus is set on the group of the inactive population. The study analyses the different reasons for not joining the labour market and the influence of the social security systems regarding the size and composition of those being inactive. Concerning the labour market activity of older workers (50-64 years), the study shows that early retirement is the main reason for inactivity in countries with a low legal retirement age and a high net replacement rate. For Austria, the authors conclude that the respective effects of the pension reforms 2000-2004 are limited because of interim and special arrangements. Regarding the reform of invalidity pensions, the authors propose a reform focussing on re-integrative and preventive measures and the introduction of a model of partial retirement (Teilpensionen).

[R5] DIMMEL, Nikolaus/PFEIL, Walter J., Armutsbekämpfung durch Transferleistungen, in: DIMMEL, Nikolaus/HEITZMANN, Karin/SCHENK, Martin (eds.), Handbuch Armut in Österreich, 2009, Innsbruck, pp. 464-511.

“Poverty reduction via monetary transfers”

The authors undertake a functional analysis of the guiding principles of the main monetary transfers in the Austrian welfare system. They distinguish between social insurance benefits, universal benefits and means-tested benefits and analyse risks,

subjective and objective benefit eligibility, level and duration of benefit, enforcement of entitlements etc. Universal or insurance benefits make up the biggest share of monetary transfers in Austria and have poverty preventive functions. Means-tested social transfers seek, as a primary function, to reduce poverty, but play a minor role in Austria's welfare system (about 7% of social spending). In total, the importance of monetary transfers for prevention and reduction of poverty is significant: No less than 42% of Austrian population would fall under the risk-of-poverty threshold without social transfers; by receiving transfers "only" 13% fall under this threshold.

[R5] HEITZMANN, Karin/SCHENK, Martin, Soziale Ungleichheit und Armut: Alter(n) und Pflegebedürftigkeit, in: DIMMEL, Nikolaus/HEITZMANN, Karin/SCHENK, Martin (eds.), Handbuch Armut in Österreich, 2009, Innsbruck, pp. 138-144.

"Social inequality and poverty: Age(ing) and the need of long-term care"

This short article gives a summary of the social situation of older people in need of care in Austria. The first part analyses the status of age, ageing and the need of long-term care in the Austrian welfare system while the second part gives an empirical overview over the risk of poverty and apparent poverty of older people in Austria. The authors conclude that older people face a range of heterogeneous risks; their material situation is determined by factors like sex, age, family status as well as prior professional and income careers.

[H] Health

[H1; H2] HAUPTVERBAND DER ÖSTERREICHISCHEN SOZIALVERSICHERUNGSTRÄGER, Handbuch der österreichischen Sozialversicherung 2010, April 2010, Vienna, 192 p., retrieved from:

http://www.sozialversicherung.at/mediaDB/664217_Handbuch_der_oesterreichischen_Sozialversicherung_2010.pdf

"Handbook on the Austrian Social Security System 2008"

This handbook informs about the development of Austria's Social Security in 2009 and includes comprehensive data in the areas of health, pension and accident insurance, maternity benefits and long-term care benefits. It also gives an overview of legal modifications in social security law enacted in 2009.

[H1; H3; H4; H5] STATISTIK AUSTRIA, Jahrbuch der Gesundheitsstatistik 2008, 2009, Vienna, 491 p., retrieved from:

http://www.statistik.at/web_de/dynamic/statistiken/gesundheit/publdetail?id=4&listid=4&detail=543

"Yearbook of Health Statistics 2008"

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

[H1; H3; H4; H5; H6] LAIMBÖCK, Max (2009). Die Zukunft des österreichischen Gesundheitssystems: Wettbewerbsorientierte Patientenversorgung im internationalen Vergleich, 2009, Berlin, 230 p.

“The future of the Austrian health care system: competition based provisions for patients in international comparison”

This book provides a rather broad analysis of the strengths and flaws of the Austrian health care system. The Author comes to the conclusion that respective problems may not be solved by “more governance”, but by more competition between health insurance providers and hospitals. Furthermore, he also demands “one-stop financing” and the introduction of managed-care models, with a strong role for the family physician, who e.g. might prevent unnecessary multiple medical exams etc.

[H1; H4; H6] HOFMARCHER, Maria M., Austrian Health Fund born, Health Policy Monitor (14) 2009, 2009, retrieved from:

<http://www.hpm.org/en/Surveys/IHS - Austria/14/Austrian Health Fund born.html>

A Health Fund endowed with tax money will come into operation in 2010 aiming at safeguarding a balanced budget of sick funds. While still in infancy, the Health Fund gives the Government more say in sick fund matters. The Government endorsed a road map for cutting costs which is linked to disbursements from the Health Fund. It is uncertain if cost targets can be achieved. A wider health reform in response to the economic crisis also addressing the fragmented hospital sector is still overdue.

[H1; H4; H6] HOFMARCHER, Maria M., Yet to come: health policy response to the crisis, Health Policy Monitor (13) 2009, 2009, retrieved from:

<http://www.hpm.org/en/Surveys/IHS - Austria/13/Yet to come health policy response to the crisis.html>

The Government phases in a series of measures to safeguard revenues of sick funds which likely plunge further owing to the expected economic downturn. These measures will help, but a balanced budget will also require sick funds to cut costs. A new structural fund endowed with tax money will be established aiming at giving the central government more leverage to realise this. So far, the Government is silent about health reform which appears overdue. Stern leadership is necessary and in demand.

[H3] DIMMEL, Nikolaus/PFEIL, Walter J., Armutsbekämpfung durch Transferleistungen, in: DIMMEL, Nikolaus/HEITZMANN, Karin/SCHENK, Martin (eds.), Handbuch Armut in Österreich, 2009, Innsbruck, pp. 464–511.

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[H3] FUCHS; Michael (2009a). Nicht krankenversicherte Personen in Österreich: empirische Erkenntnisse und Lösungsansätze, in: Soziale Sicherheit, June 2009, pp. 327-334.

“Persons not covered by health insurance. Empirical findings and attempts at solution”

The author provides an assessment regarding people not covered by health insurance in Austria. He shows that this problem applies in a number of very specific cases but was traditionally especially the case for people on social assistance. Yet, the latter problem will be solved with the introduction of guaranteed minimum income (GMI), planned to replace parts of social assistance as from September 2010.

[H3; H4] DIMMEL, Nikolaus/SCHMID, Tom, Soziale Dienste, in: DIMMEL, Nikolaus/HEITZMANN, Karin/SCHENK, Martin (eds.), Handbuch Armut in Österreich 2009, Innsbruck, pp. 579–609.

“Social Services”

Social services are generally understood as services of public interest and in Austria their provision falls usually in public responsibility regulated by law. After addressing the meaning and main functions of social services, the authors analyse providers and institutional structures, schemes of funding and the legal framework of social services in Austria as well as the socio-political purpose of providing social services. They discuss the functional principles of social services according to selected risks, especially regarding long-term care, unemployment and disability. They conclude with pointing out the main challenges in designing and implementing social services, especially the continuing “economisation” of social services and finding of the right institutional mix between the Federal State, the Laender, and local governments.

[H3; H4] HABL, Claudia, Gesundheit und soziale Ungleichheit, in: DIMMEL Nikolaus/HEITZMANN, Karin/SCHENK, Martin (eds.), Handbuch Armut in Österreich, 2009, Innsbruck, pp. 172-183

“Health and social inequality”

Socio-economic disadvantages translate into higher health risks and higher mortality. This holds true for many economically advanced countries, also for Austria, as the authors demonstrate on the basis of recent health data. The authors argue that these considerable inequalities do not stem from the structure of the health system per se but mainly from social factors related to low income, like little appreciation of one’s own health, low educational background, long-time unemployment, and low social participation. The most effective and efficient solution to minimise health inequalities should therefore be to reduce social exclusion. The authors suggest raising the educational level as the most effective measure, as well as the promotion of special lowthreshold health services for target groups.

[H5] HOFMARCHER, Maria M., Patient safety on the rise?, Health Policy Monitor (14) 2009, 2009, retrieved from:

http://www.hpm.org/en/Surveys/IHS - Austria/14/Patient_safety_on_the_rise_.html

Reflecting international developments in the area of patient safety a critical reporting system came into effect. CIRSmedical aims at creating a platform for knowledge exchange between providers and is run by doctors. The Government ensured some oversight and will conduct evaluations. Whether care will become safer for patients will depend on the credibility of the process of knowledge generation and on the degree providers are being held accountable for adverse events in care provision.

[L] Long-term care

[L] BACHINGER, Almut, Der irreguläre Pflegearbeitsmarkt. Zum Transformationsprozess von unbezahlter in bezahlte Arbeit durch die 24-Stunden-Pflege, PhD-Thesis, University of Vienna, 2009, Vienna, 289 p.,

“The irregular labour market for long term care. The process of transformation of unpaid work to paid work via 24-hours-care”

This assessment contains a rather large degree of new empirical insight into the model of 24-hours-care in Austria, including information gathered by a written survey among private “employment agencies” that offer “placement services” for nursing staff from Eastern Europe. Bachinger comes to the conclusion that the legalisation and public sponsoring of such arrangements (decided in 2007, see above) perpetuates the “familialisation” of the problem of long-term care in Austria.

[L] BUNDESMINISTERIUM FÜR SOZIALES UND KONSUMENTENSCHUTZ, Sozialbericht 2007 – 2008. Ressortaktivitäten und sozialpolitische Analysen, January 2009, 289 p., retrieved from:

http://www.bmsk.gv.at/cms/site/attachments/4/5/5/CH0107/CMS1232705650368/sozialbericht_mitcover.pdf

“Social report 2007-2008. Department activity and socio-political analyses”

This report of the Ministry of Social Affairs and Consumer Protection informs about activities in the areas of the statutory Social Insurance, consumer protection, long-term care provision, disabled persons’ affairs, social compensation, means-tested minimum income and social assistance, pensioners’ affairs, international and EU social policy and others. It provides data on social spending, invalidity pensions, alternative forms of financing of social security, risk of poverty, development and distribution of incomes and financial assets. It includes a chapter on long-term care provision (25 pp.) which informs about the number of recipients of long-term care benefits, legal amendments, quality assurance, provisions for caring relatives, expansion of social services, employment in long-term care of old and disabled people, arrangements concerning care professions, legal matters concerning residential care and the working group on restructuring of the long-term care provision.

[L] BUNDESMINISTERIUM FÜR SOZIALES UND KONSUMENTENSCHUTZ, Österreichischer Pflegevorsorgebericht 2008, 2009, 158 p., Vienna, retrieved from:

http://www.bmsk.gv.at/cms/site/attachments/6/0/1/CH0099/CMS1219747620838/oesterr._pflegevorsorgebericht2008.pdf

“Austrian report on long-term care provision”

This is the 15th annual report of the working group on long-term care provision, founded in 1993 to facilitate joint provisions of the Federal State and the Länder and secure the sustainability of affordable care provision. It informs about general developments, quality assurance, cash and in-kind benefits. It is the most encompassing yearly documentation on long-term care in Austria.

[L] BOCK-SCHAPPELWEIN, Julia/EPPEL, Rainer/MÜHLBERGER, Ulrike, Sozialpolitik als Produktivkraft, February 2009, Austrian Institute of Economic Research, commissioned by the Office of the Federal Chancellor.

“Social policy as a production force”

This recent study analyses the impact of social policy (mainly distribution, family and care, education and labour market policies) on economic growth and employment. It argues that social policy can increase the productivity of a national economy through

various transmission channels (social stability, creation of employment, improvement of the distribution, stabilisation of consumption, investment in human capital and integration of excluded groups), not only through social transfers, but also through the tax system, the public provision or promotion of infrastructure and regulations in the labour market and family policy. The study contains amongst others a chapter on the effects of long-term care on the labour market participation of women.

[L] DIMMEL, Nikolaus/SCHMID, Tom, Soziale Dienste, in: DIMMEL, Nikolaus/HEITZMANN, Karin/SCHENK, Martin (eds.), Handbuch Armut in Österreich 2009, Innsbruck, pp. 579–609.

“Social Services”

Social services are generally understood as services of public interest and in Austria their provision falls usually in public responsibility regulated by law. After addressing the meaning and main functions of social services, the authors analyse providers and institutional structures, schemes of funding and the legal framework of social services in Austria as well as the socio-political purpose of providing social services. They discuss the functional principles of social services according to selected risks, especially regarding long-term care, unemployment and disability. They conclude with pointing out the main challenges in designing and implementing social services, especially the continuing “economisation” of social services and finding of the right institutional mix between the Federal State, the Laender, and local governments.

[L] HEITZMANN, Karin/SCHENK, Martin, Soziale Ungleichheit und Armut: Alter(n) und Pflegebedürftigkeit, in: DIMMEL, Nikolaus/HEITZMANN, Karin/SCHENK, Martin (eds.), Handbuch Armut in Österreich, 2009, Innsbruck, pp. 138-144. “Social inequality and poverty: Age(ing) and the need of long-term care”

This short article gives a summary of the social situation of older people in need of care in Austria. The first part analyses the status of age, ageing and the need of long-term care in the Austrian welfare system while the second part gives an empirical overview over the risk of poverty and apparent poverty of older people in Austria. The authors conclude that older people face a range of heterogeneous risks; their material situation is determined by factors like sex, age, family status as well as prior professional and income careers.

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

[http://www.ancien-longtermcare.eu/sites/default/files/ANCIEN_Country_report_Austria_Final\(17.03.2010\).pdf](http://www.ancien-longtermcare.eu/sites/default/files/ANCIEN_Country_report_Austria_Final(17.03.2010).pdf)

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

case of “social hardship”; problems regarding training in nursing care (but some improvements appear to be evident regarding this point).

5 List of Important Institutions

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

Contact person: Mag.a Angela Wegscheider

Address: Altenberger Str. 69, 4040 Linz, Austria

Webpage: <http://www.gespol.jku.at/>

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

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

Armutskonferenz – Austrian Network against Poverty and Social Exclusion

Address: Gumpendorferstraße 83, 1060 Vienna, Austria

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

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

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

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

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

Address: Stubenring 1, 1010 Vienna, Austria

Webpage: <http://www.bmsk.gv.at>

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

Bundesministerium für Gesundheit – Federal Ministry of Health

Address: Radetzkystraße 2, 1030 Vienna, Austria

Webpage: <http://www.bmgfj.gv.at>

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

European Centre for Social Welfare Policy and Research

Contact person: Prof. Dr. Bernd Marin

Address: Berggasse 17, 1090 Vienna, Austria

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

UN-affiliated intergovernmental research institute.

Main objectives and areas of expertise: to provide expertise in the fields of welfare and social policy development in a broad sense – in particular in areas where multi- or interdisciplinary

approaches, integrated policies and inter-sectoral action are called for, especially health, pensions, long-term care, labour market and social policy.

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

Forschungs- und Beratungsstelle Arbeitswelt – Working Life Research Centre

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

Address: Aspernbrückengasse 4/5, 1020 Vienna, Austria

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

Private research institute.

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

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

Gesundheit Österreich GmbH

Address: Stubenring 6, 1010 Vienna, Austria

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

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

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

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

Hauptverband der österreichischen Sozialversicherungsträger – Main Association of Austrian Social Security Institutions

Contact person: Dr. Hans-Jörg Schelling

Address: Kundmannngasse 21, 1031 Vienna, Austria

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

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

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

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

Contact person: Thomas Czypionka, Maria M. Hofmarcher

Address: Stumpergasse 56, 1060 Vienna, Austria

Webpage: <http://www.ihs.ac.at/index.php3?id=311>

Multi-disciplinary research group.

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

Main recurring publications: Health System Watch.

Institut für Höhere Studien – Institute for Advanced Studies

Contact person: Dr. Bernhard Felderer

Address: Stumpergasse 56, 1060 Vienna, Austria

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

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

Main objectives: offer a platform for critical discussion, a possibility for consensus formation, and an open and interdisciplinary place for scientific research and critical scientific expertise. Areas of expertise: Economics and finance, Political science, Sociology. Main recurring publications: Economic Forecast, see: <http://www.ihs.ac.at/index.php3?id=1070>, Economics Series, see: <http://www.ihs.ac.at/index.php3?id=330>, Political Science Series, see: <http://www.ihs.ac.at/index.php3?id=450>, Sociological Series, see: <http://www.ihs.ac.at/index.php3?id=550>

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

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

Address: Nordbergstrasse 15, 1090 Vienna, Austria

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

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

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

L&R Sozialforschung – L&R Social Research

Contact person: Ferdinand Lechner

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

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

Private social research institute.

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

Österreichisches Institut für Wirtschaftsforschung – Austrian Institute of Economic Research

Contact person: Prof. Karl Aiginger

Address: Arsenal, Objekt 20, 1030 Vienna, Austria

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

Private not-for-profit research institute.

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

Zentrum für Soziale Innovation – Centre for Social Innovation

Contact person: Univ.-Prof. Mag. Dr. Josef Hochgerner

Address: Linke Wienzeile 246, 1150 Vienna, Austria

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

Private social research institute.

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

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

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>