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Pensions, Health and Long-term Care

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1 Executive Summary

The pension model development from expert's point of view may be described as retreat from the purposes and principles of the reform.
With the decrease of contributions to the pension fund for several times during the past years, the financial stability of the pension system was made subordinated to economic considerations in favour of the business. Despite the expectations of the initiators, it was not proved that the reduction of social insurance contributions is transformed into new job openings, deployment or renovation of technologies, equipment, skills upgrading etc. While studying the effect of the decrease, the expected "lighting" of the grey economy did not happen. As a result of this decrease, the growing deficit of the social security budget during the last 1-2 years reached enormous amounts, instead of the gradual balancing of the system, as set forth in the actuarial projections in the beginning of the reform.

One of the highest risks to the pension model is the distortion of the balance between the three pillars which was laid down in the strategy of the pension reform. We consider that the amendments, which are natural developments of the second and third pillar (supplementary and voluntary pension insurance), have to support the development of the biggest national investor including the elaboration of a specific taxation model related to their investments in the social sphere.

The changes implemented in the pension insurance sphere over the past years did not create an environment to guarantee the achievement of the major objective of the pension reform – to achieve a zero deficit and gradually increase reserves in the National Social Security Institute. Instead, the changes substantially raised the dependence of the budget of the NSSI on the national budget.

There have been no significant changes in 2008 in the field of health care and long-term care. The "vices" of the system debated for several years remained or even aggravated. The public did not receive more accessible and better quality health services. The promised system of macro and micro impact assessment has not been implemented. The institutions do not provide information on whether or not progress has been made in the implementation of the Lisbon Strategy and the Open Method of Coordination. There is no official information on the measures taken for the health care system to mitigate the aggravating financial crisis, the growing unemployment and the problems of people at risk.

2 Current Status, Reforms, and the Political and Scientific Discourse during the Previous Year

2.1 Pensions

Following the deep economic crisis in 1996-1997 and in the light of the aggravating demographic situation, the high emigration rate of persons in working age and the increasing unemployment, the Government and the social partners came to the conclusion that the existing pension model has exhausted its capacity and in the nearest future there will be a financial destabilisation of the pension system.
In this environment, all partners supported the transition since 1 January 2000 to a three-pillar pension system model, accompanied with tightening the conditions for access to pensions.

The year 2008 was notably difficult for the pension system in Bulgaria.

2.1.1 The pay-as-you-go pillar of the pension system

With a view to preserving the real rate of the initially granted pension, the annual indexation of pensions was effected as of 1 July 2008 by a percentage equal to the sum total of 50% of the increase of the insurance income and 50% of the index of the consumer prices for the preceding year. Irrespective of this system for indexation of pensions, additional measures were undertaken for recalculating pensions as of 1 October 2008, whereas the average monthly insurance income for the country for 2007 was used as a basis for the indexation. In this way, equal conditions were ensured for the pensioners that have been granted a pension before 31 December 2007 and for those with the newly granted pensions.

In 2008, one more element of the new pension model was developed with the adoption of the Law on the State Fund for guaranteeing the sustainability of the state pensions system. By virtue of the Law the Fund shall accumulate 50% of the cash revenue from privatisation accounted by the state budget, 25% of the state budget surplus for the respective budget year, the revenue from concessions as well as an opportunity for other revenue by virtue of a law or act by the Council of Ministers. The resources of the Fund are an independent part of the central budget and are managed and structured in investment portfolios which are managed by the financial institutions.

The Fund's accumulated resources shall serve to cover only shortages of resources for the Pensions Fund of the state social security budget for the respective year, whereas the particular rates of those transfers shall be determined by the state budget law for the respective year. With a view to ensuring an opportunity for accumulating resources through the investment of the resources of the Fund, it has been envisaged to make no transfers to the budget of the Pensions Fund of the state social security for a period of ten years.

The draft law regulates also the detailed rules, restrictions and requirements for the structuring of the investment portfolios with a view to ensuring a relatively high profitability with a minimum level of risk.

Concerning the requirements of the markets where the financial instruments are traded, the provisions of the Directive 2004/39/EEC of the European Parliament and of the Council for Financial Instruments Markets have been implemented. When defining the restrictions related to the risk expositions of the investment portfolios and the Fund as a whole, as well as the restrictions related to the assessment of risks – credit risk, market risk, currency risk, risk by the contractor – the best practices have been followed concerning the assets of the investment

companies and the commercial portfolios of the banks – subject to regulation by Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 concerning the undertaking and implementation of activities by the credit institutions, and Directive 2006/49/EC of the European Parliament and the Council of 14 June 2006 on the capital adequacy of the investment mediators and the credit institutions.

By the adoption of the State Social Security Budget Law for 2009, a political decision was taken to broaden the scope of insurers. The insurance contribution for pensions for old age from the first pillar was divided, for the first time, between the employer, the employee and the state. The rate of the insurance contribution for the state social security Pensions Fund as of 1 January 2009 is 18% for the persons born before 1 January 1960, and 13% for the persons born after 31 December 1959. The new rates of the contributions to the Pensions Fund are distributed between the employers and the insured persons in a ratio of 10%:8% for the persons born before 1 January 1960 (having the total rate of 18%), and 7.2%:5.8 % for the persons born after 31 December 1959 (having the total rate of 13%).

The political decision for participation of the state in the Pensions Fund revenue is laid down in the Law by a transfer (not contributions) equal to 12% of the total sum of the insurance income of all persons insured.

According to "Industry Watch" (analyst company) this means that the employer will pay by almost 6% less for the insurance contributions of their employees if they get the average national wage. The reason behind that is the new distribution of the insurance burden between the employee, the employer, and the state in a ratio 8:10:12.

By these amendments the state shall take on the bigger part of the insurance burden and thus the employers shall be relieved, not the employees, for whom the percentage for payment of insurance contributions remains unchanged. The state was not taking up any part of the insurance contributions until the end of 2008 which was paid by employers and employees in a ratio 60%:40%.

The aim of these amendments is to encourage insurance of employees by the full rate of the wage, not only by a part of it.

In 2009, the insurance contribution rate for the state mandatory pensions insurance (second pillar) was preserved – 5%; and the implementation of the same ratio as it is for the Pension Fund, i.e. by the employers – 2.8%; and by the insured persons – 2.2%.

In the sphere of revenue for 2009 the following policies and expected effects were laid down:

- Higher insurance thresholds for the different economic activities and major qualification groups of professions have been negotiated. The average increase of the minimum insurance thresholds in 2009 compared to 2008 is 26.6% which results from several factors: a) a raise of the minimum wage from BGN 220 to BGN 240; b) a decrease of labour costs incurred by the employers because of the decrease of the insurance contribution for the Pensions Fund at their expense; c) higher inflation expectations, and others.

- concerning the pensions, their increase in 2009 will be implemented in two phases:

  1) Since 1 April 2009, the accrual rate of each year of pensionable insurance has been increased from 1% to 1.1%. The recalculation of all pensions with an updated insurance income and the increase of the burden of each year of insurance length of service in practice eliminate the disproportions in the rates of the pensions, granted in different years.

  As of the same date, the statutory minimum pension and, related to it, guaranteed minimum pensions have been increased by 10%. Again, as of 1 April 2009 the

maximum rate of the pension has been increased from BGN 490 to BGN 700. The social pension for old age has been also raised by 10% on the same date.

2) From 1 July 2009, all pensions will be indexed by 9.7%. The statutory minimum pension, and the guaranteed minimum rate of pensions related to it, as well as the social pension are to be increased by that percentage.

The effects on expenditure from the changes of the pensions and the short-term benefits as well as the envisaged policies in that sphere are the following:

- The increase of the accrual rate in the pension formula from 1 to 1.1% since 1 April 2009 will raise the expenditure by BGN 382.9 million.
- From the increase of the maximum rate of the pensions since 1 April 2009 – BGN 94.0 million.
- From the increase of the minimum rates of pensions and the social pension by 10% since 1 April – BGN 48.6 million.
- For the indexation of all pensions from 1 July 2009 by 9.7% the necessary resources amount to BGN 300 million.

At the end of 2008 the opportunity for early retirement of teachers was prolonged until 2020 (3 years earlier than the required age) in case they have gained 30 pensionable years for men, and 25 for women.

The reported data for the period 2000-2007 as well as the expected data for 2008 and 2009 show that the replacement ratio of the net income (i.e. the ratio between the average pension of one pensioner and the average net income) for the period under review is within about 50%. By years, this ratio is as follows: 2000 – 51.1%; 2001 – 48.2%; 2002 – 49.9%; 2003 – 49.6%; 2004 – 51.6%; 2005 – 53.3%; 2006 – 53.5%; 2008 – 52.6% (expected) and 2009 – 53.4% (by the parameters of the draft budget for the state social security for 2009).

2.1.2 The capital pillars of the pension system

The number of persons insured in the four types of pension funds – universal, professional, voluntary and voluntary by occupational schemes – was 3,643,836 persons by the end of 2008 which represents an increase by 203,022 persons or 5,9% compared to the end of 2007. This is indicated by the final results from the activity related to the supplementary pension insurance for 2008. The relative share of men in the number of insured in universal pension funds is 51.04%, in professional – 85.05%, in voluntary – 58.52%, and in voluntary by occupational schemes – 35.76%. The average age of persons insured in universal funds is 34.2 years, in professional – 42.3, in voluntary – 46.3 and in voluntary by occupational schemes – 42.4.

According to the Financial Supervision Commission the accumulated net assets in the system of the supplementary pension insurance by the end of 2008 were BGN 2,299 billion and have decreased by 0.83% compared to the net assets by 31 December 2007. The decrease of the total net assets of the pension funds reflects the effect of the world financial crisis on the development of the sector of the supplementary pension insurance in Bulgaria.

The profitability from the management of the pension funds' assets for 2008 is negative. The average profitability compared to the net assets (not modified) of the universal pension funds is -20.15%, of professional -23.13%, and of voluntary -24.71%. The profitability of the pension funds for 2008 was substantially influenced by the downward price trend of the

financial instruments at the Bulgarian and foreign capital markets during the past year, as explained by the Financial Supervision Commission. However, the pension funds are long-term investors and the investment results achieved for a particular one-year period are not determinant for the final result of the process of long-term investment of the insured persons' resources. Despite the drop in profitability in the past year, the average profitability is still positive – for the period 2004-2008 it is within the limits of about 5% to 5.4%.

The signals related to the confidence of the insured persons in the capital funds are heterogeneous.

On the one hand, according to data by the Financial Supervision Commission 84,748 insured persons have changed their participation in the supplementary pension insurance funds in 2008. They have transferred resources from one to another respective fund at the amount of BGN 58,107 million. Compared to 2007, the number of persons that have changed their participation has decreased by 9.4%, and the amount of transferred resources by 1.16%.

On the other hand, the interest in the voluntary insurance for a third pension has been decreasing. According to the Financial Supervision Commission the total number of persons having an account in a voluntary fund has continued to decrease in the first quarter of 2009, and by the end of March it was 601,386 persons.

After sharp decreases of the average rate of the monthly contributions at the end of 2008 and the beginning of 2009, in February and March again an increase has been observed. By the end of March 2009, insurees have contributed BGN 57.10 on average for a third pension, whereas in January that amount was at a mere BGN 35.7.

The general assets of the private pension system by the end of March have been raised again to BGN 2.4 billion, which is a growth of almost 6% compared to the first quarter of the past year, as per data of the Financial Supervision Commission. This results mainly from the mandatory universal and professional schemes, whereas the assets of the voluntary schemes show a decline by more than BGN 19 million to BGN 462.7 billion.

A permanent increase could be observed only in the number of persons insured in the universal funds, whereas the number of insured persons in professional funds had increased only in February. In March their number was again declining.[1]

Throughout 2008 there was an active discussion in the society (which is still continuing) in relation to a new decrease of the insurance contributions rate. The employers insisted on that as an important part of the anti-crisis measures of the Government.

Some of the expert circles raised again the idea of privatisation of the first pillar and the introduction of insurance only in capital funds. The Research Institute for Market Economy proposed to eliminate the minimum insurance thresholds and to close down in stages the state pension system, replacing it with a system of personal pension accounts. According to the analysers at the institute the elimination of the minimum insurance thresholds will lead to the creation of new 200,000 "legal" jobs. And if paid to personal pension accounts, private savings in the economy will increase, and from there the investment, and the labour market will become more flexible, employment figures will rise and the workers will come out "to light". The capital market will develop; there will be a higher disposable income for the workers, accelerated economic growth, financial stability of the pension system, and higher pensions in the long term, as stated by the institute.

According to the idea of the Institute for Market Economy the employees will be obliged to contribute 10% of their gross income to private pension accounts. Currently, employees born

[1] Dnevnik daily, 15 May 2009.

after 1959 contribute 5% of the gross income to private pension funds and 13% of their wages go to the state social security system.

The trade unions categorically made a stand against such "a turn" of the pension reform.

The governor of the National Social Security Institute (NSSI), Yordan Hristoskov, opposed to the decrease of the insurance contributions as an instrument for solving the problems of the economy. No other country has undertaken a similar measure, as the problems of the economy are solved through a better management and marketing, technologies, enhancing productivity of labour, improving the qualification of the personnel, commented Yordan Hristoskov.

According to him, a decrease of the insurance contributions will automatically lead to transferring the responsibility for the elderly to the overall population, including also pensioners, as the necessary BGN 7.5 billion for pensions have to be ensured in some way or another.

The discussion was spread also to the Parliament. The Head of the Permanent Commission for Labour and Social Policy, Hasan Ademov, questioned the thesis that the decrease of the insurance contribution rates will lead to raising the revenues to the state social security budget. He says he is forced to state that the decrease of the insurance contribution rates automatically leads to raising the revenues to the state social security budget. The analyses show that the decreases of the contributions implemented after 2006 have not lead to the expected increase in revenues to the pension funds. According to him, the statement that the decrease of the insurance contributions automatically leads to raising the revenues to the state social security budget is something that is true only in theory. In practice, under the Bulgarian conditions, this, unfortunately, does not happen.[2]

This discussion led to open opposition between Ministers in the Government. According to the Minister for Economy and Energy, Petar Dimitrov, "there are resources for decreasing the contributions by 4-5%".[3] Only one month ago, the Government claimed that the decrease of the insurance contributions is not a way to stimulating the economy and raising its competitiveness. That was the answer of the Government to the business which believed that the decrease of the contributions was the most efficient measure against the crisis. The Minister for Labour and Social Policy, Emiliya Maslarova, opposed to that idea: "Lets not experiment and solve economic problems by social payments". According to her, the decrease of the contributions will inevitably lead to the participation of the state with a much higher burden, which logically means to raise taxes. Otherwise, the pension system will be destabilised. According to her, the decreasing number of insured persons does not cause a crisis in the insurance system. "The big problem is that many people are not insured on their real income, but on a much lower basis. This is the serious reserve which must come out 'to light'", commented Maslarova.[4]

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2 37th extraordinary session of the Parliament as of 4 November 2008, speech by Hasan Ademov, Head of the Permanent Commission for Labour and Social Policy. http://www.parliament.bg/?page=plSt&lng=bg&SType=show&id=492).

3 Klasa daily, 16 April 2009.

4 http://www.vedomost.info/%D0%BD%D0%BE%D0%B2%D0%B8%D0%BD%D0%B8/177/2499-ministrite-emiliya-maslarova-i-petar-dimitrov-se-skaraha-za-osigurovkite.

2.2 Health

One of the main principles of the Bulgarian health care is the principle of equal access to medical care. The Government's commitment to guarantee this access is fulfilled by the provision of the necessary funds, legally guaranteed by:

- Health Law;
- Health Insurance Law;
- Law on the State Budget;
- Law on the Budget of the National Health Insurance Fund for 2008.

The state budgets' (SB) allocated funds for health care as share of the GDP for the period 1995-2008 have varied within the range 3.0% to 4.8%, as shown in the following table.

Table 1: Health care expenditures as % of GDP 2000 - 2003

Year	Health care expenditures as % of GDP
2000	3.7%
2001	4.0%
2002	4.5%
2003	4.8%
2004	4.0%
2005	4.2%
2006	4.4%
2007	4.3%
2008	4.2%

As an absolute amount these funds have been increasing, whereas in 2008 the Law on the SB approved 2,223 million BGN for health care.

-To compare, the average GDP share for health care of the other EU Member States is 8%. In Bulgaria, the health care expenditures per person amount to EUR 134 in 2008, this is by far less than the lowest level in the EU.

-The following factors influence the collection of health care contributions and the subsidies on national and local level:

-The revenues depend largely on the demographic profile of the country – a negative natural growth, new emigration wave. The ageing and emigration decrease the motivation of young generations to participate in the solidarity health insurance system;

-The coverage of insurees is incomplete due to informal employment, as part of the high share of the grey economy. Based on NSI and NHIF data, in 2008, more than 1 million Bulgarian citizens were not insured and therefore not eligible to use free medical care[5]

-The country's economic profile – negative growth trend, bankruptcies in the real sector. At the end of 2008 and beginning of 2009, the number of companies who suspended their operations and made their staff redundant or sent on unpaid leave rose sharply. The

[5] Cf. http://www.nsi.bg/.

official and unofficial employment in the construction sector dropped dramatically, due to the sector shrinking by more than 50%[6];

-Insufficient state budget financing, representing a major barrier that practically hinders the good access of everyone to the necessary medical care, as well as the response to the health needs of the population;

-Insufficient stimulus and rules for allocation of the financial resources for sickness prevention and health promotion;

-Insufficient effectiveness of the system for interaction among the main financing institutions – the Ministry of Health (MH) and the NHIF – and lack of comprehensive assessment of the needs and their financing;

-The communication and intersectoral cooperation are not sufficiently effective;

-The role of the voluntary health insurance in the financing of health care services is insignificant.

One of the main problems of our health care system during the past years is related to the unregulated payments, which increases the social burden of the population. Based on a survey made in 2007 by the University for National and World Economy (UNWE)[7], the personal health care expenditures, including direct payments, amount to some 1,500 million BGN, including the unregulated payments by the patients.[8] Therefore, a large portion of the financial resources targeted at health care cannot be covered by the official statistics, and, in turn, the actual health expenditures cannot be determined accurately.

In fact the regulations allow this. According to Ordinance No. 13 of the MH, the insured are entitled to choose their physician and surgery team. This facilitated the establishment of a popular practice in the hospitals to ask patients to pay great amounts, forced to make such a "choice", or make a "voluntary" donation. The fact that patients have been forced is difficult to prove. A large portion of these funds are not entering the hospital budget.[9]

According to experts, the unregulated payments are most widespread in countries where the percentage of GDP for health care spending is low.[10] These payments are made at the time of receiving the health care service and the reasons for their existence may be summarised as follows: guarantees for better service and attention, skipping the waiting list, provision of certain privileges for the patient. Even though a decrease could be observed as regards the growth of unregulated payments in comparison with 1997 (34% of households admit to have paid for health care services beyond the legally determined fees in 1997, compared to 24% in 2001), they still represent a major problem in Bulgaria.

A main indicator for analysis of the direct market is the relative share and dynamics of the private health expenditures, including consumer expenditures for health care. Based on WHO estimates, this share has been constantly growing in the years of transition and reforms. The World Health Report (2005) on private health expenditures (of which 98.4% are consumer expenditures) in Bulgaria for 2002 are estimated to 46.6% (compared to 32.1% in 1998), mind their actual weight is higher, if the grey economy is taken into account.[11] Experts in Bulgaria have estimated that the regulated and unregulated expenditures have exceeded 50% of the

6 Cf. http://www.nsi.bg/.

7 Delcheva E., and panel, Market and non-market defects of the social and cultural environment, (panel treatise) University Publishing House "Economy", Sofia, 196 pages, 2007.

8 Delcheva E., and panel (2007).

9 Ordinance on the conditions for access to health establishments, promulgated SG issue 45 dated 2 June 2006

10 WHO, Health: a vital investment for economic development in Eastern Europe and central Asia, 2007.

11 Delcheva E. and panel (2007).

total expenditures in the past few years, which makes Bulgaria closer to the third world countries and Turkey.

The aggravation of the issue of non-regulated payments called for several sociological surveys to study the extent of their spreading. According to a survey made by Vitosha Research there is a double increase in the share of citizens who are of the opinion that the highest level of corruption is in health care: from 20% in 2002 to 40% in 2007. This indicator ranks health care third after the customs and the judicial system.

Table 2: Institutions/fields with the highest level of corruption

Institution/years	2002	2003	2004	2005	2007
Customs	30.4	49.5	50.9	52.6	63.1
Justice	28.5	42.0	40.8	43,0	49,8
Health care	20,6	27,8	35,2	35,1	39,6
Ministry of the Interior	19,9	33,9	33,8	32,3	39,4
Political elite	30,3	26,1	16,9	16,4	33,0

Source: Centre for Study of Democracy, Vitosha Research

According to the latest research of the internal organisation Transparency International 43% of the population are of the opinion that there is corruption throughout the entire health care system. Another survey of the public attitude towards corruption in health care was carried out by the Agency for Socio-economic Analyses with the expertise and consultations of the National Centre of Public Health Protection.[12] According to the survey less people perceive the existence of "vast corruption" in health care (49.8%) as compared to politics and the judicial system (72.6%, and 71.4% respectively), but it is still higher than in education (36.3%). In the period 2004-2006 the number of people with such perception towards health care had increased by 6.8 percentage points. The perception of the existence of high corruption levels is typical for persons who were treated in a hospital (74.4%, 2006).

The same survey shows that when talking about specific participants in health care, the attitudes for expected corruption are much more moderate. Only 9.9% of the people think that general practitioners are "very" corrupt.

Despite the numerous regulations in the field, there are still weaknesses in providing quality treatment at national level and adequate financing.

The mandate of the management of the professional organisation of doctors expired in 2008. The new management "drowned" in lawsuits against the former management. This caused the operations of the institution and the preparation of a new National Framework Agreement with NHIF to freeze. The Ministry of Health and the Parliament are continuing their never-ending debate on the contents of the Law on Patient Rights, thwarting its adoption for another several years. The preparation of the National Health Map is delayed significantly, retaining the uneven distribution of medical practices and health establishments in Bulgaria.[13]

The condition of the National Cancer Register causes perplexity, since it is part of a hospital, which is a commercial entity, while according to the law the register should be an independent legal entity. Regardless of the fact that the register is functioning well, the

[12] Benchev, B., & Tulevski, B., System for assessment of the efficiency of anti-corruption measures in health care, 2006.

[13] Cf. http://www.mh.government.bg/Articles.aspx?lang=bg-BG&pageid=380, http://blsbg.com/index.php?option=com_content&view=frontpage&Itemid=131&lang=en.

proposals for application of screening programmes for early detection of cancer are "drowning" in the depths of the Ministry of Health, which claims to have such, confusing them with the prevention examinations and the examinations of the threatened categories. This and other problems related to the oncology aid in Bulgaria are discussed in "Cancer Screening in the European Union Report on the implementation of the Council Recommendation on cancer screening" of the Directorate General for Health of the European Commission, May 2008. The Bulgarian Parliament had to adopt a special declaration, thus trying to achieve some progress with this issue, alas with no particular effect (State Gazette, 20 June 2008).

The reform caused some unfavourable consequences for the information system. The quality of information management gravely deteriorated due to a lack of complete data, mainly from outpatient care (morbidity based on turnover, visits to specialists, etc.). The actors in the health care system (health service providers, MH, NHIF) have partially deployed a communication infrastructure. So far, there was no integrated information system at the national level. Its deployment started in September 2006, when the contract for such a service was signed. The system was expected to be launched by the end of 2008. This, however, was not the case, and currently there is still no effective data and control on operations and expenses.

2.2.1 Financing of the health care system

- The health care system in Bulgaria is financed through funds from:
- The mandatory participation of citizens in a uniform health insurance system with personal and shared contributions;
- Financial revenues from the national and municipal budgets;
- Voluntary participation of citizens in the purchasing of supplementary health packages offered by the voluntary health insurance funds;
- Payment made by service seekers for certain health services;
- Other sources (donations, wills, aids, etc.).

Many factors put pressure on the growing expenditures. The most important of them are the large hospital infrastructure, the NHIF's obligation to sign contracts with all inpatient health establishments with missing National Health Map, the weaknesses of the payment mechanism for inpatient care, inefficient control on spent funds and lack of quality information. Additional pressure on the health care expenditures in the future will be caused by the demographics trends in Bulgaria. The increased expenditures for drugs are an important factor of the growing pressure on the total expenditures, which is a common phenomenon for most European countries.

2.2.2 Staffing

Until 1990, the staffing of the health care per 100,000 population was relatively good: 329 medical doctors, 70 dentists, 621 nurses and 87 maternity nurses. In 2008, the staffing with doctors was -36%, and with dentists -8.4%. Nevertheless, there are major regional disparities, e.g. 471 per 100,000 in Sofia to 238 per 100,000 in Razgrad.[14]

[14] Cf. http://www.nsi.bg/.

The number of nurses has decreased almost by half. In 2008, the staffing was almost twice lower than in the EU average – 42.2‰ compared to 85‰ in the EU. The ratio doctors/nurses in 2008 in Bulgaria was 1:0.89, while in the EU countries it is 1:2.26.

The number of GPs grew by about 2% – from 5,146 in 2000 to 4,971 in 2008. Their relative share in the total number of all doctors is 17.8% (the respective average relative share for the EU Member States is 29%). The population coverage in Bulgaria with GPs in 2008 is 65 per 10,000, which is lower than the EU coverage (99 per 10,000).

The distribution of specialists by regions and fields is irregular. During the past several years the enrolment of medicine students has remained stable, but due to emigration processes a shortage of doctors may occur. The same problem occurs, but in worse form, with respect to nurses. The specialty attainment is a slow process due to a number of financial and organisational difficulties. The trend shows a decrease of specialists in nephrology, pneumology, physiatry, anaesthesiology, obstetrics and gynaecology, otolaryngology, psychiatry, radiology, clinical laboratory, emergency medicine, epidemiology and infectious diseases, anatomical pathology. The issue about GP qualification is still worrisome. The legal term within which they should attain a general medicine specialty expired by 2008. This deadline was not met and so far less than 15% of them have attained this specialty.

Since the beginning of 2008 there has been a trend of increasing emigration of medical professionals, mostly shown by the standpoint of the nurses unions. At its regular meeting they adopted a document (Package of urgent measures to save the nursing in the Republic of Bulgaria, adopted at the National Council of the Bulgarian Association of Health Care Professionals, 27 September 2008).

The results of a survey among the hospital staff, carried out by a team of the Scientific Council at the University of Medicine, Sofia, managed by MD Petko Salchev, are very interesting. They show that the assessment of the organisational sustainability of hospitals differs a lot between the various regions. This brings forth the conclusion that there is lack of institutionalised rules and tools, which will lead to uniformity and efficiency of the organisation of inpatient activities.[15]

2.2.3 Pharmaceutical market

The drugs procurement is regulated by a number of laws and by-laws, harmonised with the requirements of the *acquis communautaire*. The analysis of the pharmacies and population serviced by one pharmacy shows that the number of pharmacies in Bulgaria is very high. One pharmacy in Bulgaria services a number of persons that is 1.5 to 5 times lower than compared to the standards of EU Member States. More than 40% of these pharmacies are concentrated in the large cities. This concentration is due to the fact that the permits for pharmacies are not linked to the demographic and geographic characteristics, as opposed to the practice in most EU countries.

The simultaneous and interrelated offering of goods (drug products) and services (advice, consultations, information, etc.) in the pharmacy is mandatory. At the beginning of 2009, measures were taken to limit and terminate the practice of selling medications without a prescription (for prescription drugs). The Ministry of Health and the National Health Insurance Fund are obliged to provide for the treatment of significant and grave diseases (oncology, inherited, rare, etc.), by providing expensive drugs for that purpose.

[15] Cf. http://www.nursing-bg.com/sm.htm, http://www.zdrave.net/Portal/News.

All NGOs of patients suffering from such diseases are complaining about the shortage, irregular supplies, or rejection of specific medications under programmes. This causes a reasonable doubt and leads to the conclusion that there should be some serious measures both in terms of organisation and needs planning.[16]

Another weakness is the sudden suspension by Bulgarian producers of the production of certain drugs due to commercial reasons. As it seems there is no obligation to send an advance notice to the MH and the Executive Drug Agency about such cases, which causes great problems to the drug supply (e.g. the Mianserin drug tetra cyclic antidepressant, suspended from production by Balkanpharma). The suspended production together with a lack of alternatives created serious problems for patients in treatment of depressive states.

2.2.4 Access to health care services

Weaknesses of the health care system in Bulgaria are the insufficient awareness of the population about the rights and responsibilities of the stakeholders, insufficiently pro-active information policy, and a frequent lack of objective information concerning major health care problems. The population does not well know the health care system, and, with it, the opportunities they are entitled to. There is no overall survey of the level of satisfaction of citizens with regard to the health care services. The surveyed several parameters show that it does not meet their expectations. The insufficient information about the volume and quality of health services offered and patients' rights and obligations causes dissatisfaction due to disparity between the patients' expectations and the actual capability of the system.

According to the Constitution of the Republic of Bulgaria and the Health Insurance Law, all insured citizens are entitled to equal rights as regards health care. For various reasons some disadvantaged groups – weak and unemployed, people with specific problems and needs (disabled, children at risk, etc.) – have difficulties in receiving health care services.

In order to find a solution for the problems of disadvantaged persons, the Government undertook measures focused on the specific needs of these people. Several strategic documents have been adopted, e.g. the Strategy to Combat Poverty, the Health Strategy Concerning People in Disadvantaged Position, belonging to Ethnic Minorities, and the Action Plan for the period 2005–2015, as well as the Decade of Roma Inclusion 2005-2015. Disabled persons also have difficulties in receiving health care. The number of disabled persons with a degree of disability established by way of medical examination amounts to more than 850,000, and only 13% of them are employed.[17]

Access to health services by the disabled is limited by the infrastructure which is not adapted to their needs at the health establishments, workplaces and in public places, the declined quality of the disability assessment, as well as the major extension of deadlines for the Territorial Medical Expert Commissions to issue a resolution on the assessment. The same situation can be observed with the children at risk (living in socially disadvantaged families, children with disabilities, narcotic drug users, urchins, etc.). There is actually no systematic information about such children on the regional or the national level. There are no specialised health services in these communities. There are some replacement care services to relief the parents, day care centres, etc. which are underdeveloped. All this increases the risk of social isolation of these children's families. The access to health care services is also hindered due to disproportions in the locations of the health establishments, bad or missing road infrastructure, lack of specialised transport vehicles, etc. A team from the University of

[16] Cf. http://www.zahorata.net/patientorganizations/default.aspx.
[17] http://www.nsi.bg/.

Medicine in Sofia carried out a survey on the patients' satisfaction and their equality within the health care system. The results show without a doubt that the people respond negatively – they are not satisfied with the services they receive and they do not think they are equally treated at the health establishments.[18]

2.3 Long-term care

The formal long-term care is mainly offered at specialised institutions, owned by the respective ministries (in the case of services for children at the age of 0 to 3 years of age) or the municipalities (in the case of care for elderly or disabled elderly people) and at community service places (day centres, protected homes, social rehabilitation centres). These establishments are financed with ear-marked subsidies form the state budget for municipalities and the service fees. Other institutions include physiotherapy facilities and such for recovery from chronic diseases.

The private long-term care establishments are few. The services provided by "social" and "personal" assistants are part of the formally offered service. Informal care is provided by the families to take care of the needs of elderly and disabled. There are neither surveys nor assessments of the extent of the informal care, but it is widely spread according to public media data.

The access to formal long-term care is still a problem. In the period 2006-2008, 30 new protected homes were established. By the end of 2008, the 21 existing establishments for elderly people were supplemented by 12 new day centres. The European Social Fund is a source of funds for the extension of the "social" and "personal" assistant services. After the successful pilot initiatives, the deinstitutionalisation programme developed at national level includes extended offering of community services (day centres, protected homes and social rehabilitation centres), which lead to a 9% decrease of the number of elderly in the institutions. These services also improve the general access, which is an important goal of the long-term care strategy. Despite this fact, publications about refused access or slow access can be observed on a daily basis.

Centralised control institutions perform quality control and issue recommendations to the entities providing long-term care. Local authorities though have the complete legal and financial power over their own establishments. They are also employers of the staff working at these establishments. The recommendations of controlling bodies regarding quality of care, including proposals closing specialised institutions or social services cannot be fulfilled without the decision of the municipal council. In the previous Joint Report Bulgaria was confronted with the great challenge to achieve a general improvement of community services and quality of institutional care.

In 2007-2008 the quality of institutional care of disabled children was examined by the Government in the light of serious weaknesses in quality control and supervision of institutions for children deprived of parental care. An action plan was developed, some establishments for disabled children were closed, and others will be refurbished.

A uniform methodology was created for the determination of the necessary number of staff at long-term care institutions, together with training plans. The Government started also a Third National Monitoring of specialised institutions for disabled, whose outcome were the development plans of 29 institutions.

[18] Cf. http://www.zdrave.net/Portal/News/Default.

The quality of long-term care establishments may increase significantly through better control, higher qualifications of the staff and better division of competencies between the central controlling bodies and the municipalities. Better management and financing of the decentralisation of social services are very much needed. The improved interaction between the health care and long-term care systems, especially with regard to the prevention of institutionalisation, may lead to reasonable progress of the deinstitutionalisation policy.

The long-term care expenditures in 2008 amounted to 0.18% of the GDP – one of the lowest levels in the EU. There is no reliable information about the increase of private investments in this sector. The state budget remains the main source of financing of tasks that were delegated to and are co-financed by the municipalities. There are modest fees to be paid by consumers based on their available funds. The private social services are paid by the users at a negotiable price. Despite the existing regional strategies for social services provision, the small municipalities depend on the state budget funds to finance social services. Many social services (personal and social assistants) are provided by unqualified persons and used to provide a family member with a wage. The small economic value added and the social recognition of these services are factors limiting their development as a real sector of the economy.

3 Impact of the Financial and Economic Crisis on Social Protection

3.1 Pensions

As a consequence of the economic crisis[19] some signs of aggravating economic crisis can be observed in Bulgaria. Some of them are decline in the decline of industrial sales growth, reduced influx of foreign investments, etc. That is why in October the trend of decrease of the registered unemployment was disrupted.

To retain the jobs in the time of crisis is the major problem of the Bulgarian labor market and subject to ever so sharp arguments between the Government, the employers and the trade unions. In January was adopted the National Employment Action Plan - 2009. It is developed as a main tool for mitigating the consequences of the economic crisis on the employment and the labor market.

The National Plan, apart of traditional measures, provides some new programmes supporting the employers in their attempts to retain the jobs. Entirely new measure was adopted by the Government in February 2009 as a response to the crisis. It defines the terms and procedures for payment of compensations to workers and employees, whose employment income have decreased due to the shorter working hours. It is still too early to analyze the effect of the government measures.

In the past months, there have been heterogeneous signals and statements both from the Government and the opposition related to key problems of social security – concerning the rate of the insurance contributions, the rate of social payments, and the revenues to the National Social Security Institute.

According to the biggest employers' organisation – the Bulgarian Industrial Association:

[19] http://www.bia-bg.com/?current=news&func=one_news&news_id=3038&lang=bg&id_sess=uvvmn4upf0kqr9ahrsavoea1d1.

There is a firm tendency of decreasing the revenue from insurance contributions to the state social security funds since the beginning of 2009, despite the raise of the minimum insurance thresholds, the increase of the average insurance income and the tendency for enhancing the collection.

The results from the activities of the pension insurance companies in 2008 are negative as a consequence of the investment markets crisis.

The pension system is at a moderate risk.

For the first four months of 2009 the revenue from contributions to the state social security funds declined by 5% of what was laid down in the budget which supposes the creation of a deficit of no less than BGN 200 million for the year. Within the first four months of 2009 the insured persons decreased by 140,000.

According to the employers stability and sustainability of the solidarity pillar of the pension system have to be urgently ensured as factors for the national security of the country under the conditions of financial and economic crisis.

According to them, this could be achieved by the following measures:

1) To ensure equality between the state (as an employer) and the rest of the employers, whereas the state becomes a solidarity insurer of the civil servants, the regular military servicemen, the employees within the Ministry of the Interior and the employees of the judicial system.

The civil servants, the regular military servicemen, the employees within the Ministry of the Interior and the employees of the judicial system shall make, as all other insured persons, monthly insurance contributions at the expense of their remuneration.

2) To raise the minimum insurable income on which the self-insured persons are insured, including the introduction of minimum insurance thresholds for the different categories and professions among the self-insured persons – mediators, lawyers, notaries, doctors and others.

3) To decrease, for a period of two years, the insurance contribution to the universal pension funds (second pillar) from 5% to 2%. Up to BGN 300 million could then be at the disposal of the business to be used for new investments, production and/or creation of new jobs.

4) The state shall propose to the pension funds a package of investment instruments which can help to ensure conditions for achieving good profitability at a state-guaranteed risk.

3.2 Health

As a result of the economic crisis, there are some indications for worsening of the economic situation in Bulgaria such as decline in the industrial sales, decrease of the direct foreign investments and others. As a result of this the trend of decreasing registered unemployment was interrupted in October.[20]

After the Ministry of Health and the NHIF management claimed during the entire year of 2008 that there is no crisis in the sector, lately there were some statements to that effect. The

[20] Report for the extent of implementation of adopted policies and programmes of the MLSP for 2008 Sofia, March 2009.

Director of the NHIF admitted in an interview with Dnevnik Daily on 16 April that "the revenues have decreased from BGN 200 million to BGN 130 million monthly.[21]

The Minister for Finance, on the other hand, appealed for tightening the budget discipline and severe cuts in budget expenditures.[22]

In his opinion the budget revenues for the first quarter have shrunk by 1.150 billion BGN. Attempting to reduce its expenditures NHIF made large scale inspections of health establishments, terminated contracts with more than 100 of them, claiming that they have deviated from the standards and accreditation requirements.[23] A new positive drug list was approved, with 200 items less than the prior list, and the prices of many life-saving drugs – e.g. the most popular human insulin – were reduced unilaterally and in a manner unacceptable for the producers. This caused the company producing the drug to announce that they will withdraw the drug from the Bulgarian market.

These actions, even though nobody will admit, cause reasonable and ever stronger doubts that the crisis is a fact and there is no system of counteraction measures developed, which could release the burden – mostly of consumers.

[21] Cf. http://www.dnevnik.bg/intervju/2009/04/16/706492_d-r_rumiana_todorova_prihodite_v_zdravnata_kasa/ .

[22] Cf. http://www.dnevnik.bg/bulgaria/2009/04/14/705442_oresharski_nastoiava_za_zatiagane_na_bjudjeta/.

[23] Cf. http://www.nhif.bg/bg/default.phtml?w=1680&h=1050.

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.

[R1] FSC EDITORIAL TEAM, «Информационен бюлетин на Комисията за финансов надзор», 2008 – issues 1-10; 2009 issues1-4.
"Information bulletin of the Financial Supervision Commission"

This information bulletin is a monthly publication by the Financial Supervision Commission, aiming to inform the public about the novelties and events, related to the institution and the financial and social security market, the development, timely implementation and efficient application of the European legislation for the formation of an integrated financial market. The bulletin serves the purpose of implementing the FSC's priority of creating an optimum information environment, ensuring a higher level of transparency with regard to FSC's activities and comprehensive, precise and easily accessible information on the non-banking sector and market players. The main subject matters of the bulletin are:

- *Equity market*
- *General and health insurance markets*
- *Supplementary pension insurance market*

[R3] HRISTOSKOV, Assoc.Prof. Dr. Yordan, KARAIVANOVA-NACHEVA, Vesela, KRASTEVA, Valentina, ASENOVA, Daniela, KARANOVSKI, Ivan, MILOSHEV, Yosif, CHECHOVA, Margarita, KASAROVA, Maria, PETKOV, Biser; «Книга - годишник Социално осигуряване – 2009 г. », published January 2008.
"Almanac Social Security – 2009"

The Almanac is published since 13 years. The book is a synthesis of legislative acts, official practice and professional explanations of the new features and specific problems accompanying the every day work of social security experts. The publication contains answers to the multiple questions and cases, occurring in the realisation of pension rights. It includes:

- *Updated texts of the Social Security Code and other pieces of legislation, regulating social security;*
- *Letters and instructions of NSSI, NRA and FSC, related to the application of the legislation;*
- *Detailed commentary of social security legislation;*
- *Applied information*

[R1] MLSP experts, «ОТЧЕТ ЗА СТЕПЕНТА НА ИЗПЪЛНЕНИЕ НА УТВЪРДЕНИТЕ ПОЛИТИКИ И ПРОГРАМИ НА МТСП ЗА 2008 ГОДИНА», Sofia, March 2009.
"Report ON the extent of implementation of adopted policies and programmes of the MLSP for 2008."

The document contains summary data and analyses of:

- *Report on main budget parameters*

- *Review of changes in the organisational structure occurred in 2008*
- *Review of policy implementation.*

The report reviews the activities of the Ministry and its subordinated agencies: Employment Agency, General Labour Inspectorate, Social Assistance Agency and the Agency of People with Disabilities, Агенция, in the development and implementation of the following policies:

- *Employment policy;*
- *Labour relations policy;*
- *Social assistance policy;*
- *Equal opportunities policy;*
- *Demographic developments policy*
- *Income policy*
- *Labour migration policy*

[R2] NSSI Bulletin, 2008 issues 1-6; 2009 issues 1-2.

The Bulletin of the National Social Security Institute is its main periodic printed publication. It contains data on the work and intentions of the institution, the social security system it administers, the factors influencing the public social security environment. The various information and analyses included in the Bulletin are submitted for use by and support for the bodies of the state and executive power, having direct or indirect relation to the public social security, the management bodies of NSSI, the managers of NSSI, science experts analysing the social security, teaching staff, employers', trade unions' and other NGO organisations interested in the subject.

[R1, R2] SLAVOVA, Zoya, SHISHEVA, Mila, CHANEVA-DIKOVA, Maria, NIKOLOV, Nikolay, ZLATANOV, Svetozar, «ГОДИШНИК НА СОЦИАЛНОТО ОСИГУРЯВАНЕ В БЪЛГАРИЯ – 2007», 2008.
"Yearbook of social security in Bulgaria – 2007"

The yearbook analyses the functioning of the social security system managed by NSSI. The following topics were subject matter of the analysis:

- *Macroeconomic environment for the calendar year;*
- *Effective legislation and regulations;*
- *Administration of the state public insurance and the individual programmes;*
- *Activities of the functional divisions of the NSSI Head Office;*
- *The performance of 2007 Budget of NSSI;*
- *Summary and conclusions;*
- *NSSI development strategy.*

The yearbook delivers to the policy-making stakeholders in the filed of public social security complete and authentic information and analysis of the condition and functioning of the system, the financial results of the budget performance with view to realised social security programmes, the strategic intentions for improvement of administration, etc.

[R2] INDJOVA Asya, IVANOV Blagoy «КООРДИНИРАНЕ НА СХЕМИТЕ ЗА СОЦИАЛНО ОСИГУРЯВАНЕ В ЕС», published 2007 ASPRO EOOD
"Coordination of social security schemes in the EU", expert commentary

The issues discussed concern the employees and self-employed in the European Union, using their right to travel and work freely on the territory of United Europe.
The authors describe the coordination of the most significant social risks: health care and sickness, disability, old age and survivor pensions, labour accidents and occupational diseases, unemployment benefits and family benefits. The cooperation process between the social security administrations of EC countries is presented in brief.

[R1, R2] ANGELOV Georgi, DYANKOV Simeon «ДАНЪЧЕН СТИМУЛ КАТО ОТГОВОР НА КРИЗАТА», published January 2009, Retrieved from: http://bg.osf.bg/cyeds/downloads/TaxStimulusasCrisisResponse-BG-19012009.pdf

"Tax Stimulus as response to crisis" – study under the Public Debate Programme of the Open Society Foundation

Many countries are discussing stimulating packages as response to the aggravating financial crisis. This study discusses the benefits of the tax reform as anti-crisis measure. It includes estimation of benefits from such reform, using as an example a decrease of the social insurance contributions in Bulgaria. The study also estimates the costs in terms of loss of revenues. The authors conclude that a reform including reduction of social insurance contributions with 7.5 percentage points – from 31.3% to 23.8% – would mean 130 thousand newly created or retained jobs and 0.5% increase of the annual GDP growth.

[R2] DANEVA Ivanka «УПРАВЛЕНИЕТО НА ИНВЕСТИЦИОННИЯ РИСК В ЧАСТНИТЕ ПЕНСИОННИ СИСТЕМИ», Economic thought magazine, published by the Economic Institute of the Bulgarian Academy of Sciences, issue 2, 2009
"Investment risk management for private pension systems"

The article reviews the specific features of the pension services and their impact on the risk management process for pension plans with defined pensions and such with defined contributions. The author pays special attention to the scientific and methodological issues related to the identification, measurement and evaluation of the various risks, related to investments of pension assets. The paper analyses the various risk measurement indicators for pension plans with defined contributions and specifies the financing requirements and some aspects of risk measurement approaches for pension plans with defined pensions. The author also underlines some possible improvement aspects of the investment risk methodology for capital-funded pension systems.

[R2, R3] VELKOVA Dochka «ПРОМЕНИ В ПУБЛИЧНАТА ПЕНСИОННА СИСТЕМА И ВЛИЯНИЕТО ИМ ВЪРХУ ПАЗАРА НА ТРУДА», Economic Research magazine, published by the Economic Institute of the Bulgarian Academy of Sciences, issue 2, 2009
"Changes of the public pension system and their impact on the labour market"

The purpose of the paper is to analyse and assess the impact on the labour market of the following parameters of the public pension insurance system in Bulgaria: (a) conditions for access; (b) pension incomes; and (c) the pension insurance contribution.
The research tasks are:
Systematisation of the theoretical aspects of links between and mutual influence of the pension insurance system and labour market.
1. Analytical review of changes in selected pension system parameters.

2. Analysis and assessment of the influence of changes in the selected pension system parameters on the Bulgarian labour market for the period 1999-2005.
3. Formulation of conclusions regarding the impact of analysed pension insurance system changes on the Bulgarian labour market for the period 1999-2005.
The paper only reviews the impact of statutory minimum pensions and old age pensions granted to persons who have worked in the conditions of third category of labour, excluding some specific categories of persons like regular duty army employees and teachers. These cases are in essence a form of early retirement.

[R1; R2] HOLZMAN, Robert, GUVEN, Ufuk, "Adequacy of Retirement Income after Pension Reforms in Central, Eastern, and Southern Europe. Eight Country Studies", World Bank, 2009.

The report analyses adequacy issues in Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia. It concludes that fiscal sustainability has improved in most of the countries, but only few of them are fully prepared for the inevitability of population ageing. The linkage between contributions and benefits has been strengthened, and pension system designs are now better suited to market conditions. Levels of income replacement are generally adequate for all but some categories of workers (including those with intermittent formal-sector employment or low lifetime wages). Further reforms to cope with population ageing should focus on extending labour force participation by the elderly to avoid benefit cuts (which could undermine adequacy), or very high contribution rates (which could discourage formal-sector employment). More decisive financial market reforms are needed for funded provisions to deliver on the return expectations of participants.

[R1] HOLZMAN, Robert, MACKELLAR, Landis, REPANSEK, Jana, "Pension Reform in South-Eastern Europe", World Bank, October 2008.

The publication examines the long-term sustainability of pension systems in South-Eastern Europe. The report stresses the need for strategic pension reforms, together with reforms in the labour and financial markets, to ensure the old-age income security of retiring citizens throughout this region. According to the report, by 2050 the countries of South-Eastern Europe will see a doubling in the elderly dependency ratio because of low fertility rates, increase in life expectancy, and negative net migration. To ensure the long-term sustainability of pension programmes, the report recommends reforms designed to delay retirement and to diversify the sources of retirement income. Although significant progress has been made in both areas, the report argues that considerable work remains, mostly in equalising retirement ages for men and women. More attention needs to be given to reforming the labour market (reducing incentives for early retirement, creating demand for elderly).

[R1; R3] HOLZMAN, Robert (ed.), "Aging Population, Pension Funds, and Financial Markets. Regional Perspectives and Global Challenges for Central, Eastern, and Southern Europe", World Bank 2009.

The publication investigates the challenges faced by Central, Eastern, and Southern European countries in five broad areas of the multi-pillar pension reform: were the financial systems prepared for the challenges?; how can the financial markets be developed to better support funded systems?; can the financial markets generate sustained returns on a large scale?; does investing in emerging markets help?; will population ageing impact rates of return? The overarching conclusion of the study is that these challenges can be addressed, but addressing them will require determined

policy actions to complete financial market development and to promote financial literacy through education.

[R1, H1] DELAUTRE, Guillaume et al., «La protection sociale: un aperçu de la situation en Bulgarie et en Roumanie», Solidarité & Santé, N° 3, 2008.
"Social Protection: an Overview of the Situation in Bulgaria and Romania"

The paper reviews the development of social protection policies in the two most recent member states of EU – Bulgaria and Romania. After a brief historical analysis of the reforms undertaken in the social protection domain since the fall of communism, the article details the situation with respect to unemployment, poverty and level of economic development in recent years. A special chapter is dedicated to social expenditures in the two countries, insisting on the share of health care and pensions, in total spending for social protection. This chapter concludes that the two countries are still far from the EU standards in terms of the funds allocated for health (which in Romania represents only 62.5% of the EU25 average), and pensions (on average 2.12 times higher in EU25 countries than in Romania). The two sectors – health care and pensions – are then separately analysed.

[R1] SSA, "Social Security Programs Throughout the World: Europe, 2008." Social Security Association, March 2009. Retrieved from:
http://www.socialsecurity.gov/policy/docs/progdesc/ssptw/2008-2009/europe/index.html

The Social Security Administration has released the first part of a four-volume series that provides a cross-national comparison of the social security systems in 44 countries in Europe. It summarises the five main social insurance programmes in those countries: old-age, disability, and survivors; sickness and maternity; work injury; unemployment; and family allowances. The second part of the report contains the Country Summary of all the 44 countries described in the first part. The other regional volumes in the series focus on the social security systems of countries in Asia and the Pacific, Africa, and the Americas. The publication is updated at six months interval.

[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

[H1] DELAUTRE, Guillaume et al., «La protection sociale: un aperçu de la situation en Bulgarie et en Roumanie'», Solidarité & Santé, N° 3, 2008.
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times higher in EU25 countries than in Romania). The two sectors – health care and pensions – are then separately analysed.

[H3; H6] LEGIDO-QUIGLEY, Helena et al., "Assuring the quality of health care in the European Union. A case for action", Observatory Studies, Series No 12, 2008.

The report addresses the major challenge facing the EU's legislators of how to fully align two goals: that goods and services provided across borders are of appropriate quality, and that freedom for people to move is not constrained, by ensuring that they can obtain health care when outside their home country. The policies to promote quality are analysed in each of the 27 members of the EU. The study concludes that the EU has a very limited role in quality of care, except in terms of pharmaceutical care. In other areas, there are fundamental differences in health systems and the interests and influence of the various stakeholders.

[H3] BENCHEV, B., & TULEVSKI, B., «Система за оценка на ефективността на антикорупционните мерки в здравеопазването», 2006.
"System for assessment of the efficiency of anti-corruption measures in health care"

The Budget Process of the Bulgarian NHIF

As it was stated in the main part of the report the existing NHIF procedures for the drafting of the budget and forecasting are very well developed for so young an organisation. They meet fully the reserve management needs of NHIF and it should be noted that the management has a great contribution to the efficient financial management.

The NHIF budget for the coming year is prepared in accordance with the budget cycle, starting in April and ending in December, based on data submitted by all RHIFs. As it could be expected, the data has slightly reduced revenue allowances and slightly increased expense allowances. NHIF adds up data of all RHIFs and adjusts the final figures, in order to:

(a) eliminate these trends of reduction and increase of figures;

(b) ensure that the next year forecasts are comparable with the actual current year revenues and expenditures;

(c) express its own understanding about the main drivers of the changes in revenues and expenditures.

[H2] DELCHEVA, E. & Panel, «Пазарни и непазарни дефекти в социално-културната сфера», University publishing house: Economy, Sofia, 2007.
"Market transformation of the social and cultural spheres"

The scientific paper studies the processes and effects (successes and failures) of the market transformation and restructuring of the activities in the health care and drugs sector, education, culture and media in Bulgaria in the period after 1999, characterised by the undertaken public reforms and the behaviours and dimensions of the private initiative and civil society in the non-economic sector, from the points of view of the European goals, directives, recommendations and good practices, as well as in comparison with the achieved level, results and recommendations form the prior scientific research.

[H2] ORDINANCE ON THE CONDITIONS FOR ACCESS TO HEALTH ESTABLISHMENTS, promulgated SG issue 45, 2 June 2006.

The text discusses the right of choice of a treating team, as well as this shall be paid according to tariffs determined by the health establishment.

[H5] Dr. Petko SALCHEV (project manager) «Разработване и приложение на метода на сравняване чрез „Златен стандарт" /Бенчмаркинг/ в болничния мениджмънт»
"Development and implementation of the method of comparison through "Golden Standard"/Benchmarking/ to the hospital management"

"Organisational stability and personnel motivation" , Personnel opinion poll, First results: Sofia, 2009-02-23

[H5] Dr. Petko SALCHEV (project manager) «Разработване и приложение на метода на сравняване чрез „Златен стандарт" /Бенчмаркинг/ в болничния мениджмънт»
"Development and implementation of the method of comparison through "Golden Standard"/Benchmarking/ to the hospital management"

"Patient satisfaction from hospital services", Patient opinion poll, First results: Sofia, 2009-02-20

[H4] Zhekov, Al. «Политически предизвикателства пред здравните кадри», Social Medicine magazine, p. 45, Issue 1, 2009
"Political challenges for the health care professionals"

The political changes and instable political environment – assessment of their impact on medical doctors' and managers' behavior.

[H5] Delcheva, E. «Концепции за конкуренция в здравеопазването», Social Medicine magazine, p. 53, Issue 1, 2008
"Health care competition concepts"

The article reviews the benefits of a competitive environment in health care, benchmarking health care establishments with regard to quantitative and qualitative indicators from their operations. The stimuli provided by the various systems are pointed as a main motivating/demotivating factor for the improvement of such indicators.

[H5] Gonchev, Vl. «Удовлетвореност от изпълняваната мениджърска дейност и заеманата мениджърска позиция», Social Medicine magazine, p. 57, Issue 1, 2008
"Satisfaction from the performed management activities and management position taken"

Commentary based on a study among hospital directors.

[H5] M. Rohova M., Dimova A., Tomov D.,. «Удовлетвореност от изпълняваната мениджърска дейност и заеманата мениджърска позиция», Social Medicine magazine, p. 33, Issue 3, 2008
"Health care marketing: origin and development of scientific concepts"

The article reviews the international experience and presents several examples from Bulgaria.

[H5] Spasov, L. «Медицинска ефективност при трансплантацията на органи: анализ на преживяемостта», Social Medicine magazine, p. 59, Issue 1, 2008
"Medical efficiency in organ transplantation: analysis of survivors' rate"

Commentary based on a study among hospital directors.

[L] Long-term care

[L] Sotirov, Vl., Germanov, D. «Дневен център за психосоциална рехабилитация за хора с тежки психични разстройства – същност и перспективи, ч. II. Препоръки за добра практика», Social Medicine magazine, p. 62, Issue 1, 2008
"Day center for mental and social rehabilitation of persons suffering from severe mental disorders – nature and prospects, part II. Best practice recommendations"

The article describes structure and functions of a day care center, the benefits to the patients and the community.

[L] Tsonov P., «Хоспис в структурата на общинска болница», Social Medicine magazine, p. 31, Issue 3, 2008
"Hospice within the structure of municipal hospitals"

Principal model of a hospice, with benefits assessment for restructuring of less loaded structures and meeting the care needs of chronic and terminal patients.

[L] Alexandrova S., «Обща характеристика на развитието на хосписите в България», Social Medicine magazine, p. 38, Issue 3, 2008
"General features of hospice development in Bulgaria"

The article reviews the current situation, the prospects and makes proposal for legislation.

[L] Alexandrova S., «Възникване и условия на хосписите у нас», Social Medicine magazine, p. 42, Issue 1, 2009
"Origin and status of hospices in Bulgaria"

Partial review of the status of hospices in Bulgaria.

5 List of Important Institutions

Народно събрание – National Assembly
Address: 1169 Sofia, 2 Narodno sabranie Sq.
Webpage: http://www.parliament.bg

The ideas of a Constitution and Parliament, of electivity and representation emerged even before the restoration of the Bulgarian State in 1878 under the influence of European thinking and practices. The Political Programme of BCPS (former BRCC), which was worked out for the Bulgarian People's Assembly at the end of 1876 and sent to the Istanbul Ambassadors' Conference, emphasised that the Bulgarian statehood had to be restored and explicitly stated that: "The Bulgarian State will be governed independently in accordance with a Constitution elaborated by a legislature elected by the people". It further read in the following two articles that "All branches of government will have special laws in the spirit of the Statute and in accordance of the people's needs" and "All foreign nationalities intermingled with the Bulgarian people will enjoy the same political and civil justice". This is not only the historical tradition but also the democratic principle underlying political life in post-Liberation Bulgaria.

Министерство на труда и социалната политика - Ministry of Labour and Social Policy
Address: 1051 Sofia, 2 Triaditza Str.
Webpage: http://www.mlsp.government.bg/en/index.htm

The Ministry of Labour and Social Policy (MLSP) is a body including a Council of Ministers for the development, coordination and implementation, as well as the supervision of the state policy in the following fields: labour market and vocational training, income and living standard, industrial relations, health and safety at work, social insurance, social assistance.
MLSP implements the state policy through its specialised units, namely the Employment Agency, General Labour Inspectorate, Social Assistance Agency and their regional structures, and the Agency for Foreign Aid.

Министерство на здравеопазването - Ministry of Health
Address: 1000 Sofia, 5 Sv. Nedelya Sq.
Webpage: http://www.mh.government.bg/Default.aspx?lang=bg-BG

The Ministry of Health is a legal entity financed by the state budget.
The Minister of Health is a central sole body of the executive power.
The Minister is, amongst others, in charge:

- *Implementation of the state policy in health care;*
- *Developing and controlling the implementation of the national health strategy;*

In exercising their powers the Minister:

- *is responsible for their actions before the Council of Ministers and the Parliament;*
- *participates in the work of the Council of Ministers;*
- *makes contacts and interacts with local and foreign state bodies and NGOs,*
- *as well as with international organisations and institutions.*

Национална здравноосигурителна каса - National Health Insurance Fund

Address: 1407 Sofia, 1 Krichim Str.
Webpage: http://www.nhif.bg/eng/default.phtml

The National Health Insurance Fund (NHIF) was founded in March 1999 as an independent public institution separated from the social health care system. Major principles:

- *Obligatory participation in raising the contributions*
- *Participation of the state, the insured and the employers in the NHIF management*
- *Solidarity of the insured in using the raised funds*
- *Responsibility of the insured for their own health*
- *Equality in the use of medical care*
- *Equality of the medical care providers*
- *Self-government of NHIF*
- *Negotiation between the NHIF and the health care providers*
- *The insured are free to choose health care providers who have signed a contract with the NHIF*
- *Publicity of the NHIF activities*

Комисия за финансов надзор - Financial Supervision Commission

Address: 1303 Sofia, 33 Shar Planina Str.
Webpage: http://www.fsc.bg/

The Financial Supervision Commission (FSC) was established on 1 March 2003 under the Financial Supervision Commission Act. It is an institution that is independent from the executive authority and reports its activity to the National Assembly of the Republic of Bulgaria. The Commission is a specialised government body for regulation and control over the financial system which unifies the regulatory functions that used to be carried out by the former State Securities Commission, the State Insurance Supervision Agency and the Insurance Supervision Agency. The primary function of the institution is to assist through legal, administrative and informational means for the maintenance of stability and transparency on the investment, insurance and social insurance markets.

Национален осигурителен институт – National Social Security Institute

Address: 1303 Sofia, 62-64 Alexander Stamboliiski Blvd.
Webpage: http://www.nssi.bg/en/index.html

The National Social Security Institute (NSSI) is a public institution, which guarantees the pension and benefit rights of the citizens, provides quality services and manages efficiently and transparently the state public social security funds, by the virtue of its obligations, stipulated in a law. NSSI plays the role of an active intermediary between the insured, the insurers/employers and the state. It is a carrier of the public relations in the PAYG first pillar and supporter of the functioning of the second pillar of the social security system, ensuring the principle of reliability of the social security through variety. The main NSSI publications are the Year-book of social security in Bulgaria and the NSSI Bulletin.

Български лекарски съюз - Bulgarian Medical Doctors' Union

The Bulgarian Medical Doctors Union (BMDU) is a professional organisation of medical doctors in the Republic of Bulgaria. BMDU is a successor of the union established in 1901 and follower of its goals, traditions and functions. It is a private legal entity. Its main objectives are:

- *To represent its members, and defend their professional rights and interests;*
- *To represent its members in concluding the National framework contract in the obligatory health insurance;*

- *To adopt a Code for Professional Ethics;*
- *To adopt Rules for Good Medical Practice;*
- *To create and keep a national and regional registers of its members;*
- *To participate in the Supreme Medical Council at the Ministry of Health;*
- *To submit opinions on draft regulations concerning health care.*

Български зъболекарски съюз - Bulgarian Dental Association

Address: 1000 Sofia, 1B Rayko Daskalov Sq.

Webpage: http://www.bzs-srk.bg/en/contacts.php

The Bulgarian Dental Association, named briefly "the Association" or "BgDA", is a professional organisation of the physicians in dental medicine in the Republic of Bulgaria. Its main objectives are:

- *To represent its members, and defend their professional rights and interests;*
- *To represent its members in concluding the National framework contract in the obligatory health insurance;*
- *To adopt a Code for Professional Ethics;*
- *To adopt Rules for Good Medical Practice;*
- *To create and keep a national and regional registers of its members;*
- *To participate in the Supreme Medical Council at the Ministry of Health;*
- *To submit opinions on draft regulations concerning health care*

Съюз на фармацевтите в България - Bulgarian Pharamceutical Union

Address: 1421 Sofia, 115 Arsenalski Blvd., floor 2

Webpage: http://bphu.eu/

The Bulgarian Pharamceutical Union (BPU) was established at the foundation congress of the professional organisation of pharmacists in Bulgaria, which was held on 10 February 2007 in Sofia. BPU was established as the sole legally represented professional organisation, uniting all pharmacists in Bulgaria. The membership of the BPU is a necessary and mandatory condition in order to exercise the profession of a pharmacist. Presently the BPU counts over 5,000 members. The main tasks of the BPU are:

- *Establishment of a strong professional organisation which unites all pharmacists in Bulgaria;*
- *protection of professional rights and interests of its members, regulation of relations among the members, as well as with external institutions and organisations;*
- *Introduction of a new system for training and upgrading of all Bulgarian pharmacists;*
- *annual event "Bulgarian Pharmaceutical Days".*

Асоциация на доброволните здравноосигурителни дружества - Association of Licensed Voluntary Health Insurance Companies

Address: 1000 Sofia, 5 Dondukov Blvd, entr. 1, fl. 3

The Association of Licensed Voluntary Health Insurance Companies (ALVHIC) is a civil non-party and non-profit organisation. Its goals are to popularise voluntary health insurance and to facilitate the development of the health insurance services market yet abiding the law, the ethical norms and competition rules. The association is open for all other licensed health insurance companies who accept its chart and goals. In the course of its efforts to fulfil its goals the Association is looking for opinions, arguments and correctives from all institutions, the legislative authorities, medical practitioners, citizens and employers, in order to develop voluntary health insurance as an important element of a health system that is reforming with difficulties but is very important to the society.

Съюз на пациентите в България - Bulgarian Patients' Association

Address: 1606 Sofia, 29 Vladaiska Street, floor 1
Webpage: http://pacienti.hit.bg/

BPA is an independent, voluntary association, not-for-profit legal entity for public benefit, established on 20 February 2003, established to work on creating and ensuring conditions for civil society participation in all spheres of the health care system on local, regional and national level, as well as to assist in establishing mechanisms and structures for civil participation in the health care reform, with a view to protection of patients' rights and approximation to European norms and standards. Main goals:

- *Reassessment of the health care policy in the current economic environment and strengthening of the positions of health care.*
- *Encouragement of the citizens to act as agents of their health.*

Институт за пазарна икономика – Institute for Market Economics

Address: 1463 Sofia, 61 Patriarch Evtimii Blvd., floor 3

IME is the first and oldest independent economic policy think tank in Bulgaria. Its mission is to elaborate and advocate market-based solutions to challenges citizens of Bulgaria and the region face in reforms. This mission has been pursued sine early 1993 when the Institute was formally registered as a non-profit legal entity (Reg.: #831344929 – 15 March 1993, 729/XI/VI, p. 169.) IME objectives are to provide independent assessment and analysis of the Government's economic policies and to be a focal point for an exchange of views on market economics and relevant policy issues.

Международен институт по здравеопазване и здравно осигуряване - International Health Care and Health Insurance Institute

Address: Sofia, 57 Tsar Simeon Street
Webpage: http://www.zdrave.net/

IHHII is a non-governmental not-for-profit organisation established in 2002, which studies the processes in health care, organises and provides the largest health portal in Bulgaria, presents and comments the novelties in health care, supports NGOs and patients in their contacts with the health system, provides training to medical specialists on issues related to management, health care policies and organisation of health care, implements international projects and plays the role of a corrective of the state institutions.

Балкански институт по труда и социалната политика – Balkan Institute for Labour and Social Policy

Address: 1113 Sofia, Tzarigradsko Shosse Blvd., block 22, entr. 3
Webpage: www.bilsp.org

The Balkan Institute for Labour and Social Policy is a non-governmental, voluntary, independent and non-political not-for-profit association, established in September 2001. Its mission is to support the contribution of Bulgaria to the expansion of the European social space and to help integrate the Balkan and European social values. Its objectives are to build capacity for human development and social integration, form a Bulgarian social model based on the European labour and social values, adapt the Balkan region countries to the standards and practices of the European Union, promote the experience and practice related to labour and social sphere among the Balkna region countries, promote social dialogue and tripartite cooperation, develop national social models in the globalisation environment.

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

For more information see:
http://ec.europa.eu/employment_social/progress/index_en.html