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Pensions, Health and Long-term Care

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# Table of Contents

1. **EXECUTIVE SUMMARY** .............................................................................................................. 3

2. **CURRENT STATUS, REFORMS AND THE POLITICAL AND SCIENTIFIC DISCOURSE DURING THE PREVIOUS YEAR** ........................................................................................................ 4

   2.1 **PENSIONS** .......................................................................................................................... 4
       2.1.1 Overview of the system’s characteristics and reforms ....................................................... 4
       2.1.2 Overview of debates/political discourse ............................................................................ 11
       2.1.3 Critical assessment of reforms, discussions and research carried out.............................. 14

   2.2 **HEALTH** ............................................................................................................................ 17
       2.2.1 Overview of the system’s characteristics and reforms ....................................................... 17
       2.2.2 Overview of debates/the political discourse ....................................................................... 21
       2.2.4 Critical assessment of reforms, discussions and research carried out.............................. 24

   2.3 **LONG-TERM CARE** .......................................................................................................... 25
       2.3.1 Overview of the system’s characteristics and reforms ....................................................... 25
       2.3.2 Overview of debates/political discourse and impact assessment ....................................... 27
       2.3.3 Critical assessment of reforms, discussion and research carried out.................................. 28

3. **IMPACT OF THE FINANCIAL AND ECONOMIC CRISIS ON SOCIAL PROTECTION** ...... 29

   REFERENCES .................................................................................................................................... 34

4. **ABSTRACTS OF RELEVANT PUBLICATIONS ON SOCIAL PROTECTION** ..................... 37

5. **LIST OF IMPORTANT INSTITUTIONS** ...................................................................................... 41
1 Executive Summary

After a protracted period of high growth rates (4% on average from the 2001 to 2007), Greece was thrown into deep economic and financial crisis in the end of the noughties. GDP contracted by 2% in 2009. The country run up a debt of over 100% of GDP and the public deficit shot up to over 13%. The cost of paying off this debt has swiftly spiralled since autumn 2009. The Panhellenic Socialist Party, which succeeded New Democracy in office – in the early elections called by Prime Minister Karamanlis in October 2009 –, announced that the budget deficit was double the rate of previous estimates. Continued steep credit rating downgrades followed that made difficult for the government to obtain the required finance from the international money markets, in order to pay back debt and stabilise the economy. Under these conditions successive austerity packages were introduced. Particularly under the EU-IMF financial rescue plan – that the government recently activated – severe austerity measures were decided that will drastically increase tax revenues and cut spending.

Even before the onset of the crisis, there was strong evidence about extensive unmet social needs requiring welfare state intervention, e.g. Greece still lacks a universal minimum guaranteed income, significant inequalities in health care persist due to deficient public provision, while social care is a chronically ailing policy area. Mounting job losses, drastic fall in incomes and cuts to key services will seriously exacerbate social needs and growing social unrest is imminent if there are no foreseeable signs of recovery.

Two years after a pension reform introduced by the previous government (Law 3655/2008) with the aim to improve administrative efficiency by drastically reducing the numerous social funds, an overhaul of pensions is paramount. In Greece social insurance has persistently exhibited serious deficits, while long lags in policy reform exert high strains on the chronically weak public finances. The above law framed amalgamations in a narrow perspective as most of the funds retained their distinctive characteristics and regulations. Thus no positive effects have been recorded in respect to system rationalisation and cost-containment so far. In parallel expenditure by health insurance funds rocketed over the last few years leading major social insurance funds into red. A process of social consultation on pension reform has been considerably speeded up lately due to the serious fiscal crisis. Significant structural changes are on the agenda, as well as increases in retirement age, abolishment of favourable early retirement conditions for certain groups and drastic cuts in replacements rates.

Soaring outstanding deficit by public hospitals (currently around EUR 6.5 billion) indicates the pressing need for rationalising hospital administration, improving cost-efficiency and tackling corruption phenomena in the procurement of drugs and hospital supplies. Equally crucial challenges – albeit long overdue – concern the development of an integrated primary health care, effective monitoring and regulation mechanisms across the public and private sector, good quality data and information transparency, and most importantly allocative efficiency and distributional fairness. Surely austerity measures require vigorous cost-containment policies, but how far, in the context of drastic cuts, a balance between efficiency and fairness can be achieved remains an open question. Particularly in the case of social (and long-term) care, piled up budgetary pressures over the last couple of years seriously threaten even the so far rudimentary (and highly fragmented) provision.
2 Current Status, Reforms and the Political and Scientific Discourse during the previous Year

2.1 Pensions

In Greece pensions are based on the public (first) pillar that constitutes a pay-as-you-go system. It provides basic and auxiliary pensions. Social insurance funds are self-governing bodies operating under the auspices of the Ministry of Labour and Social Insurance and managed by representatives of employees, employers and the state. Until recently the state pension system was characterised by a high degree of fragmentation across sectors of employment and economic activity. There were approximately one hundred thirty social insurance funds operating on the basis of labyrinthine rules and great differentials in coverage and provisions (as well as in retirement pathways, particularly for entrants into the system before 1993).

2.1.1 Overview of the system’s characteristics and reforms

Due to a rapidly ageing population in combination with the system’s extreme fragmentation, swelling administrative costs and accumulated incentives for early retirement, pensions expenditure overrun 13% of GDP. Evidently a rate forecasted for 2020 by EU projections (and expected to nearly double by 2050 reaching 25%), emerged a decade earlier (while, in parallel, GDP plummeted; see also projections by the ILO 2007 and OECD 2007 & 2009). Further sharp increases are anticipated for the coming years if no major changes are introduced. On the basis of a protracted social dialogue between the social partners, political parties and other relevant actors, a reform was enacted in April 2008 (Law 3655 for the “Administrative and Organisational Reform of Social Insurance Organisations”). The reform set the ambitious aim to improve administrative efficiency by drastically reducing the numerous social funds. It increased age-thresholds for early retirement (particularly for women with dependent children) and established an intergenerational solidarity fund that will accumulate resources to support pensions payment when the mass of baby-boomers retirement will exert strong financial strains. Moreover, new legislation was envisioned to

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1 The Government formed by the PASOK (Panhellenic Socialist) party that won the October 2009 elections decided that the Ministry of Employment and Social Protection regains its original name of Ministry of Labour and Social Insurance.

2 Nearly 6.5% of GDP is covered by the public budget (amounting to EUR 17.7 billion, that is, about half the country’s public deficit); data provided by INE-GSEE (the Institute of Labour of the General Confederation of Greek Labour) in a press release referring to an update of the 2005 actuarial study of IKA, undertaken by INE and still in progress (see Newspaper “Eleftherotypia”, 25 December 2009, accessed at http://www.enet.gr/?i=issue.el.home&date=25/12/2009&id=115473). The update study report has not been finalised yet and no further details on the findings have been made publicly available so far. Reluctance by INE to disclose findings has to do with the fact that trade unions are currently squeezed between, on the one hand, the harsh reality of gloomy projections and finance overview of IKA, and, on the other hand, pressure by their members to resist drastic pension reform –highly demanded by the EU and the IMF in the context of the rescue plan for the Greek economy- that would significantly reduce pensioners’ living standards in the future.

3 Twice the rate of the expected EU-25 average. The scenario of pension costs explosion over the next decades becomes even more alarming if we take into account the comparatively low overall employment rate in Greece (61.5%).

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pave the way for progressively harmonising conditions and entitlements in the future. However, two years after the reform it is highly clear that the stipulated amalgamations masked the preservation of the system’s complex structure, as the numerous constituent units of the new fund configurations retained their distinctive characteristics and regulations.

The need for reform has persistently been stressed in the academic debate as well as in relevant reports by European and international organisations (EU 2006; ILO 2007; OECD 2007 & 2009), and the 2008 legislation is in the right direction; though for full integration to be achieved with the aim to improve financial control of the system, further reform measures are surely required. The present economic and fiscal crisis makes reform even more pressing as the insurance funds’ cumulative deficit exerts high strains on the country’s deteriorating public finances.

The 2008 law constitutes a further step to previous legislation (of 1992 & 2002). Its major provisions require the merging of pension institutions so that their number is reduced to 13 major funds. It also stipulates the phased elimination of diverse regulations. The reform aimed primarily at improving efficiency of the public (PAYG) system through administrative reorganisation. No major changes in the mode of financing social security were included in this law. Funding is based primarily on employer and employee contributions. Pension benefits are implicitly guaranteed by the state. To mention that, in Greece, for a long time, the level of financial support provided by the state to the various social insurance funds greatly varied. But differences in state subsidies were hardly due to need. They mainly resulted from the differential access to the poles of political power and the state machinery that the various socio-professional groups and their respective trade unions traditionally developed. Evidently this condition aggravated inequalities (e.g. the subsidy to IKA, which is the largest social insurance organisation for private sector employees, has persistently been much lower than that to “noble funds” – i.e. the funds for bank and public sector employees). Legislation passed in 2002 addressed this issue and explicitly set the state subsidy to IKA at 1% of GDP annually for a period up to 2032.4

The second pillar (occupational pensions) has scarcely developed so far in Greece.5 There are five occupational funds operating (e.g. in the Economic Chamber of Greece and in the Hellenic Post). According to the relevant legislation occupational funds are run by the social partners on the basis of capitalisation. The National Actuarial Body has monitoring and control powers over them. The percentage of the working population contributing to personal

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4 Still public subsidies to social insurance funds significantly differ; for example, the state budget subsidises Public Power Corporation pensioners with EUR 1,700 per month, Hellenic Telecommunications Corporation pensioners by EUR 1,115 OGA pensioners by EUR 350 and by only EUR 160 retired workers of IKA.

5 The reasons why second pillar social insurance has not developed in Greece are straightforward: the first pillar (primary and supplementary pensions) extensively covers all the working population (in the formal sector), and is guaranteed by the state; in addition contributions are rather high (occupational funds would increase total contributions, and consequently would raise labour costs). Moreover, due to the high level of “theoretical” replacement rates, there has been no substantial demand for occupational insurance. The second pillar was introduced fairly recently (by Law 3029 of 2002, with the aim to bring insurance legislation in line with directive 2003/41 of the EU for the functioning and regulation of occupational pension funds). Contributions paid to occupational funds are tax exempt. However, as stressed by policy experts this has not been a strong incentive for the establishment of occupational pension schemes so far. At the same time it is expected that the merging of social funds (particularly the merging of a number of social funds to IKA-TEAM) will bring down contribution (as well as replacement) rates for supplementary pensions and this may encourage the establishment of second pillar schemes.
pension is very low too, nearly 2%. Voluntary (third pillar) pensions are mostly provided by the life insurance industry. In life-insurance schemes, lump sums are preferred to annuity benefits (see Guillen & Petmesidou 2008). Expansion of funded occupational and personal pension schemes very much depends on the extent of generosity of the public system in the future. The Labour Ministry intends to introduce favourable tax legislation for employees and businesses in order to encourage coverage by occupational schemes, particularly as the replacement rate of basic and supplementary pensions is going to be drastically reduced by reforms plans under consideration. Additionally, closer integration of insurance markets in the EU will impact upon personal pension savings.

A means-tested social pension is provided by OGA (the Agricultural Insurance Organisation) to people 65 and over who lack a sufficient insurance record. Since 1996 low-income pensioners (except OGA pensioners) are eligible for a supplementary means-tested benefit (EKAS). Over the last two years the benefit ranges from EUR 60 to EUR 230 and is provided to about 360,000 low-income pensioners (in December 2009 the new government announced the readjustment of income brackets, but the measure has not been implemented so far).

(a) The main provisions of the 2008 Law

Law 3655 of 2008 laid out an agenda for administrative and organisational reform in three phases. The first phase was concluded in early August 2008. The major step was bringing to completion the provisions already introduced by legislation in 2002, namely the merging of a number of funds of bank employees and public utility corporations employees with IKA. The second phase – with a time horizon the beginning of October 2008 – paved the way for all other amalgamations stipulated by the above law; while the following third phase focuses on measures for progressively eliminating diverse regulations. This, however, involves a long-drawn process. The elections of October 2009 significantly impacted upon it. As soon as the PASOK party succeeded New Democracy in power, the Labour Ministry suspended regulations concerning the rise in the early retirement threshold of women with dependent children (as well as the ceiling of 20% replacement rate for auxiliary pensions) and launched a new round of public dialogue for reform. According to initial plans negotiation rounds would take place until spring 2010 and in June of this year a new draft law would be brought before Parliament. The rapidly deteriorating economic conditions – and the recent appeal of the country for help from the EU and the IMF – speeded up the reform preparation. Final decisions are expected to be reached by the Ministry in early May 2010.

On the administrative side, the reforms have substantially changed the constitution of the first pillar, which now comprises only five major funds: (1) IKA-TEAM (the Social Insurance Organisation for private sector employees), including a number of funds of bank employees and of public-utility-corporations employees. (2) OAEE (the Social Insurance Fund for Self-Employed Workers), that merged with NAT (the Social Insurance Fund for Merchant Navy Personnel), the Welfare Fund of Hotel Keepers and some other smaller funds. (3) The new Fund for the professions (ETAA); this emerged out of the amalgamation of the funds covering different professional occupations (lawyers, doctors, engineers and other professional categories) merged into a single organisation. (4) The new Fund for Mass Media Corporations

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6 Total premiums stood at 2.18% of GDP in 2008 (Association of Greek Insurance Companies 2008).
Personnel (ETAM-MME), which also emerged out of amalgamation of existing smaller funds. And (5) OGA (the Agricultural Insurance Organisation) that covers farmers and associated agricultural workers (not affected by the reform).

Mergers of auxiliary, welfare and health funds are progressively taking place, so that there will be eight more social insurance organisations in addition to the above five major funds. These are the following: (1) ETEAM, the auxiliary pensions fund for workers; (2 & 3) TEAIT & TAPIT the private sector auxiliary pensions and welfare fund7; (4) TAYTEKO, a fund covering supplementary pensions, welfare benefit and health insurance for bank- and public-utility-corporations employees; (5, 6 & 7) TEADY, TPDY & OPAD, respectively, the auxiliary pensions fund and the welfare and health insurance fund for public employees; and (8) TEAPASA, the auxiliary pensions, welfare and health insurance fund for the police, fire and rescue services forces.

Specifically for those funds amalgamated into IKA, uniformity in replacement rates is to be progressively phased in.8 Moreover, the new law sets a ceiling for supplementary pensions to 20% of pensionable earnings; the funds that surpass this ceiling should proceed to phased reductions from 2013 onwards (to be completed in an eight-year period through eight equal instalments).9 In parallel a plan for developing a single register has been implemented. From June 2009 onwards, all insured persons acquired a National Insurance Number, which is a prerequisite for employment purposes and social and health insurance coverage. This measure is held to substantially combat contributions evasion and avoidance and thus improve financial transparency and control.10 In the same vein, the law specifies a gradual increase of the minimum time in work, required for establishing access to health care benefits (in cash and in kind).11

Other major provisions of Law 3655 of 2008 are in line with strengthening the links between contributions and benefits, tightening eligibility to early retirement, encouraging older people to stay in employment and promoting gender equality (in terms of early exit pathways and parental leave provisions).

(a) Incentives to work longer include a special increment in the pension (of 3.3%) for all those remaining in active service for three years (after the age of 60, for entrants before 1993; or

7 Covering various blue-collar employees, e.g. private insurance, trade, private general education, travel agencies and others.
8 Contribution rates will gradually decrease so that in ten years time they will reach the level of IKA rates (namely 6.67% of gross salary for the primary pension and 3% for the auxiliary pension paid by employees, and 13.33% of the employees’ gross salary for the primary pension and 3% for the auxiliary pension paid by the employer).
9 To mention also that on the basis of Law 3029 of 2002, on 1st January 2008 a phased reduction in the replacement rate of basic pensions in the public sector (including public corporations, banks and the police force) was introduced. Reduction will be by 1% per year, so that by 2017 the replacement rate will be reduced to 70%. Additionally, on the basis of the above law, since 1/1/2008 pensionable income, in the broader public sector, refers to the mean salary of the last five years in service before retirement, instead of the last salary.
10 For combating contributions evasion the law also encourages a closer cooperation between the Social Insurance Control Service (EYPEA), the Labour Inspectorate (SEPE), the Social Insurance Funds and the Manpower Organisation (OAED).
11 From 50 days of employment per year to 100 days for benefits in kind, and 125 for cash benefits (and 80 and 100, respectively, for construction workers).
after the age of 65 for entrants since 1993; and upon the condition of having worked for 35 years (or 10,500 days)).

(b) Early exit penalty was strengthened (pensions will decrease by 1/200 – instead of 1/267 that was the case until recently – for every month that a pensioner falls short of the relevant age limit). Also, from 2013 an age-limit of 58 years is introduced for retirement after completion of 37 years of employment.

(c) Retirement age of women with dependent and/or handicapped children increased from 50 to 55 years. Furthermore, this condition is made applicable to widower or divorced fathers with children under their custody. In parallel the law makes provision for crediting one extra pensionable year for every child (and up to a maximum of three years) to working mothers (fathers can benefit from this provision as well, if their spouse does not make use of this right). Working mothers (insured in IKA) can also benefit from an additional six-month maternity leave; the lowest wage plus contributions for this period are paid by the Manpower Organisation (OAED). The extension of the “revised” preferential treatment to both spouses (provided that only one of them benefits from it) is in line with equal treatment, individualisation of rights and changes of family patterns.

(d) The retirement age for women that entered the labour market until 1992 (either as dependent workers or self-employed) and have completed 35 years of employment (or 10,000 days) will be raised gradually to 60 years. Furthermore for all entrants into the labour market after 1993 and insured in IKA (including the funds merged with IKA) any provisions for early exit (before the age of 60) upon completion of 35 years of employment are abolished.

(e) Another major provision for guaranteeing the adequacy of pensions concerns the creation of a reserve fund (AKAGE, “Intergenerational Solidarity Insurance Fund”) that from 2019 onwards will be able to support social insurance expenditure. Its resources will derive from government revenues resulting from privatisation of public utilities and enterprises, VAT, as well as from specific charges (the so-called “social revenues” levied upon “third persons” in particular transactions13) that constitute a funding element of a number of social insurance funds.14

Age-limits for those employed in “arduous and unhygienic” occupations will increase from 2013 (from 53 to 55 years for a reduced pension, and from 55 to 57 for a full pension). Moreover, the Ministry of Labour pledged to re-examine the rather extensive list of occupations classified as “arduous and unhygienic” with the aim to restrict eligibility to favourable conditions for early retirement under this scheme. EU and OECD recommendations have repeatedly stressed that these favourable conditions apply to an obviously large scale (roughly about 40% of male and 15% of female pensioners of IKA take advantage of this scheme). This is a blatant case of using social insurance for social assistance purposes, with adverse effects on equity. Besides, the large scale of this preferential treatment greatly surpasses the rationale of this scheme “which is to take account of the adverse effects that some occupations have on life expectancy” (OECD 2007, p. 15). In July 2009 the Ministry established by law a permanent committee for monitoring and reconsidering arduous

12 The measure was suspended as soon as the PASOK party came to power, but under the pressure of budgetary strains it was recently announced that the measure will be soon activated.
13 E.g. charges levied for legal transactions, for advertising in the media etc.
14 The latter funding source of AKAGE implies a redistribution of resources among social insurance funds.
and unhygienic jobs. The revised list that would be approved by Ministerial Decree would hold for newly insured persons. However, the early elections called by Prime Minister Karamanlis and the ensuing change of party in office stalled any progress in this respect and the issue is being re-examined in the context of an impending structural reform.

(b) Effective retirement age, replacement rates, increases of pensions and social assistance benefits

According to the Labour Ministry, the median effective retirement age declined from nearly 63 years in early 2000 to 61.4 years lately, mostly due to various early retirement schemes implemented in the context of privatisation programmes of public enterprises and banks (among others, the Hellenic Telecommunications Organisation, the Public Power Corporation, Olympic Airways and a number of banks previously under public ownership). Early retirement programmes under privatisation schemes intended to shed-off labour force so as to make sales deals attractive to prospective buyers. However, they have considerably strained social insurance finances, given the fact that, at the same time, a merging of the funds of the above public corporations (and banks) into IKA took place. As stated by the governor of IKA, in May 2009, the deficits of all social insurance funds that merged into IKA amounted to about EUR 1.2 billion.\(^\text{15}\)

Replacement rates for basic pensions highly differ among social insurance funds. Interestingly, even within a single social insurance fund, such as OAEE for instance (the Social Insurance Fund for Self-Employed Workers, that emerged through amalgamation of three distinct social insurance funds - TEBE, the Social Insurance Fund for Self-Employed Workers and Artisans, TAE, the Social Insurance Fund for Merchants, and TSA, the Social Insurance Fund for Owners of Public Means of Transport) replacement rates significantly vary among its constituent units: 126% for TEBE pensioners, 72% for TAE pensioners and only 36.4% for TSA pensioners. In IKA replacement rates amount to 70% of insurable earnings (2% per year, for a period of 35 years of work).

Projections carried out a few years ago that take as a starting point the theoretical gross replacement rate calculated for 2006 (105% on the basis of the ISG methodology) expected (theoretical) replacement rates to remain at a high level until 2030, and to fall by about 15 percentage points until 2050, given the fact that entrants into social insurance schemes after 1993 will be subject to tighter rules (European Commission 2006, p. 176). High theoretical replacement rates, however, can barely be realised due to low numbers of contribution years because of disrupted working careers (and/or working in the informal economy), considerable contribution evasion practised by firms as well as by individuals because of strong disincentives built into the system\(^\text{16}\), and a tendency among the self-employed to underreport their income in order to pay fewer contributions (Papatheodorou 2006). Consequently a large number of pensioners receive very low pensions.

\(^{15}\) Surely existing legislation provides for the coverage of these deficits by the state budget (and/or by a transfer of resources from the “employers” – e.g. the banks – to IKA), yet a staggering public deficit and onerous lending conditions exacerbated the crisis.

\(^{16}\) For instance, with 15 years of paid contributions a private-sector worker will receive a total pension of EUR 720 per month (including EKAS) and this equals the amount of pension that another worker insured for 32 years will receive. There are thus strong incentives to stop paying contributions after having satisfied minimum requirements.
Uniformity among entrants before and after 1993 is attempted by the new law that stipulates the progressive phasing in of a 70% replacement rate for basic pensions and a maximum of 20% for supplementary pensions. It equally introduces stringent regulations for early retirement and provides incentives for prolonging working life. In addition, a recent ruling by the European Court of Justice (March 2009) pressures Greece to abolish preferential treatment of retirement provisions for women in the public sector (women can retire five years earlier than men) on the ground that this runs counter to gender equality and creates obstacles to career advancement of women. Pending reform will include regulations for a phased equalisation of retirement age of men and women in the public sector that will increase effective retirement age.

Moreover, until the end of 2009 a favourable measure for people 65 years and over (entrants into social insurance before 1993), who did not satisfy the requirements for retirement pension, was in force. People falling under this category could claim a pension between 2/3 and 1/2 of the minimum pension granted under the respective social insurance fund which covers them. Similarly, elderly people insured under existing schemes (excluding OGA) with the age limit of 65 for men and 60 for women (for dependent workers) and 65 for both men and women (for self-employed workers) can be credited with up to 150 days of insured working time in order to satisfy the conditions of old-age pension.

Each year pension increases are decided in the context of the incomes policy of the Government and in respect to the financial conditions characterising social insurance funds. However, over the last two years a pension freeze was decided (by the New Democracy Government for 2009, and the PASOK Government that succeeded in office for 2010\textsuperscript{17}). Public employees’ salaries froze too in 2009, while in 2010 a 10% (on average) cut on public employees’ salary allowances was decided as well as a freeze on hiring in the public sector.

In 2009, a newly established agency – the National Social Cohesion Fund – provided a one-off benefit (amounting to EUR 230 million) to low-income pensioners, unemployed persons, disabled persons under the welfare benefit scheme and other low-income vulnerable groups. The level of the benefit varied according to geographical area and ranged between EUR 100 and EUR 200. PASOK abolished the National Social Cohesion Fund. Instead it legislated (in November 2009) a one-off, tax-free benefit, called solidarity benefit targeted to vulnerable groups (low-income pensioners, unemployed, people receiving social assistance benefits and other low-income groups amounting to about 2,500,000 beneficiaries). It is a means-tested benefit ranging from EUR 300 to EUR 1,300, funded by a special levy on enterprises with (net) revenue over EUR 5 million, as well as by a special levy on large and real estate property (and an increase in the unified levy on immovable property owned by legal entities). The benefit was planned to be provided in two instalments. The first instalment was released in late 2009; the second instalment however was cancelled as part of the austerity measures announced on the 2nd May 2010 in the context of the rescue package agreed with the EU, the ECB and the IMF.

\textsuperscript{17} During its election campaign PASOK announced an increase of salaries (of public employees) and pensions at the rate of inflation, if it came to power. However, a couple of months after it took over the country’s governance (October 2009) it backtracked under the pressure of serious fiscal problems.
2.1.2 Overview of debates/political discourse

The urgent need for a comprehensive pension reform has been at the forefront of the academic debate for a long time (Spraos Committee 1997, Boersch-Supan & Tinios 2001; Tinios 2003; Featherstone & Tinios 2006; Nektarios 2008). Major reform priorities stressed by academics and frequently mentioned in relevant documents by the European Commission and OECD are the following: secure long-term fiscal sustainability of pensions, improve administrative efficiency and effect transparency of budget allocation (for instance by clearly distinguishing between insurance and social assistance, as well as by separating pension funds from health insurance funds); eliminate disincentives for working at older ages (e.g. in respect to the “strenuous” occupations and to the privileged early retirement entitlements by certain categories of women in the public sector and other groups); harmonise rules and regulations across the numerous funds and reinforce the link between contributions and benefits; as well as tackle effectively poverty among the elderly, which is persistently high in Greece (22% of persons over 60 years of age in 2008). The 2008 legislated administrative reform is in the right direction but further changes are required in respect to all the above dimensions. The more so as no significant positive effects have been recorded in terms of system rationalisation and cost-containment. Equally galloping is expenditure by health insurance funds (with an annual rate of increase of about 16% over the last few years; from EUR 4.6 billion in 2003 they went up to nearly EUR 10 billion in 2009).

Also contributions evasion reached recently EUR 8 billion. In an attempt to encourage enterprises to settle their debts to the social insurance organisations the Ministry of Labour recently announced favourable measures (payment of arrears in instalments; surcharges write-off up to 80% – or even 100% if arrears are paid off in full immediately; and subsidies provided to small enterprises\textsuperscript{18} for this purpose). However IKA and OAEE are already in red, while a recent (unpublished) study by the Labour Institute of GSEE warns that in four years’ time the pension system will not be able to meet its obligations without causing serious fiscal derailment. The Government decision to proceed to 10% cuts in expenditure across all ministries, taken in early 2010 under the pressure of a swollen public deficit and a mounting debt crisis, seriously limited state subsidies to social insurance organisations.

Under the pressure of the economic crisis and the fiscal strains on social insurance, the newly elected PASOK Government opened up social dialogue for further reform. In late 2009 a special Committee was appointed by the Ministry of Labour and Social Insurance. This consisted by representatives of the social partners, ministerial officials and experts (representatives of political parties were also invited to participate). The Labour Ministry put on the agenda some major issues of reform (among others, further merging so as to establish three major funds – for employees, self-employed and farmers; separation of social assistance from social insurance; merging of health insurance funds into a single unit; reconsideration of the list of “arduous and unhygienic jobs”; abolishment of early retirement schemes; and incentives for working longer). Initially the time frame for the preparation of the reform (including public consultation) was set for a period of about six months. Yet soon the serious crisis conditions made necessary the speeding up of the process. Furthermore, even though initially the Committee considered essential that an actuarial study be carried out (by the National Actuarial Agency), that could furnish evidence and projections for drawing

\textsuperscript{18} By the Credit Guarantee Fund for Small and Very-Small Enterprises (TEMPME).
conclusions on reform options, this was dismissed as the time period for such a study (about 8 months) would considerably prolong the Committee’s work.

At an early stage of the debate, serious conflicts erupted around the issue of whether a funded element should be introduced in the system. Equalising the retirement age of women (particularly of those that entered the labour market before 1993) with that of men in the public sector, as well as the thorny issue of whether the provision of Law 3655 of 2008 concerning the rise in the early retirement threshold of women with dependent children should be activated met with opposition by the trade unions. ADEDY (The Supreme Administration of Greek Civil Servants Trade Unions) representatives outrightly denied participation in the Committee (as did also the political parties on the left). Equally GSEE representatives decided to abstain from the debate.

In late March 2010 the Committee submitted its conclusions. However, due to significant differences in opinions, it did not come up with any clear reform options. Disappointingly most of the 12-points stated in the report drafted by the Committee more or less recite pleas repeatedly made in public debate (such as the need to crack down on contributions evasion, implement systematic actuarial surveillance, rationalise disability pensions, make better use of social insurance funds’ assets, standardise procedures for regulating contributions arrears, and improve legal provisions for successive insurance by different social insurance funds), without any conclusions on resolute action though. Some further points made in the report reaffirm the need for cost-containment in health expenditure (e.g. establish a unitary health insurance fund and intensify controls on medical and pharmaceuticals expenditure). On the crucial issue of structural change the report simply states the need for distinguishing between insurance and social solidarity (i.e. social assistance). However, the Committee did not come to an agreed conclusion as to the structure and funding arrangement of the two pension components (the basic and contributory pension).

In an appendix to the report the different views of the Committee members are briefly presented. The head of the Committee decisively rejected the provision of a universal basic pension independently of income level. Even though there is agreement on the need to separate social assistance form social insurance, his stance on how these two components will be interlinked is not very clear. Furthermore, lending support to option for a “special pension tax”, in order to subsidise pensions, runs counter to a clear distinction between social assistance and social insurance.

An alternative perspective supported by an expert member argues for a clear distinction between a basic and a contributory element. According to this view a universal, tax-funded, basic pension will be provided at the age of 65 years (so as to discourage early retirement). Eligible for the basic pension will be all citizens of the country (as well as other EU member-states citizens or third country immigrants who satisfy residence requirements). The state-provided basic pension should be at a relatively low level (it could be GDP-indexed). It should be intended to prevent extreme poverty among the elderly. As to the contributory component, this is suggested to follow “a notionally funded system” (as is the case with the Swedish and Italian pension systems), according to which each insured person will have a “hypothetical or notional individual account” to which all their contributions will be credited.

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19 As stressed earlier this provision was suspended by the Labour Ministry as soon as PASOK came to power.
20 The age limit can be adjusted in tandem with changes in life expectancy.
at an “agreed” interest rate. Pensions will be calculated as an annuity deriving from the insurance capital accumulated during a person’s working life.

A variation on this proposal was developed by another Committee member. The difference from the former perspective lies in the calculation of the basic pension. This third alternative links the rate of the basic pension to the contributions paid by the retiree. Eligible for the basic pension will be pensioners with an income up to a certain threshold, above which there will be no state support. Pensioners with incomes below the defined upper ceiling will receive a basic pension that equals the result of the “solidarity coefficient” multiplied by the difference between the amount of the contributory pension received and the upper income-ceiling.\(^{21}\) The level of pensions, thus, will very much depend on the chosen income-ceiling and coefficient rate.

Finally, the representative of the Confederation of Hellenic Commerce in the Committee argued in favour of not limiting state support to the basic pension, despite the fact that in principle he agreed on distinguishing social assistance from contributory benefits. He also supported the view that the basic pension should be the main component universally provided independently of income criteria, while, additionally, a separate social assistance pension benefit should be provided to uninsured persons. He also argued in favour of lifting any minimum insurance time requirements (15 years currently). Evidently, such a view is in favour of an extensive state subsidisation that hardly improves fiscal sustainability and undermines the distinction between social assistance and social insurance.

The Labour Ministry has not so far publicly announced the reform scheme. Statements by the Minister (and the Deputy Minister) are discussed by the press; yet often contradictory views are presented, as some thorny issues, such as the age limit for providing a basic pension, the rate of it, as well as whether an increase in retirement age will by introduced constitute matters of disagreement within the Council of Ministers. Major policy options, inferred by official statements and discussed in the media are the following: (A) A further amalgamation of social insurance funds, this time with the aim to harmonise rules and conditions across large occupational groups (employees in the private and public sector, self-employed and farmers).\(^{22}\) (B) The shift to a multi-pillar system (three or four pillars are currently considered). The first pillar will consist in a national pension funded through taxation, which will be provided to all retired persons (with or without age limit, e.g. 65 years). Under consideration is also the amount of the basic pension and whether provision should upon completion of 35 years of work.\(^{23}\) The second pillar will consist in the contributive element, while the third and fourth pillar will include, respectively, the statutory supplementary and voluntary occupational pension schemes, both of them organised on a funded-basis. (C) In the contributory scheme, a change in pension calculation will be gradually phased in so that pensionable earnings will extend to the entire work-career. Furthermore, the replacement rate that stands at 2% for each year of work (70% for 35 years), will be drastically reduced to between 0.9% and 1.5% (0.9% for each year up to 15 years of work; and then it progressively will increase so as to reach 1.5% in 40 years of work). In this way it is estimated that the replacement rate for the first pillar will be drastically reduced from 70% that is currently to

\(^{21}\) For example if the ceiling is set at EUR 750 and the solidarity coefficient at 70%, a retiree receiving a social insurance pension of EUR 250 will receive a basic pension calculated as follows: Amount of pension received = EUR 250 + (70/100)*(EUR 750 – EUR 250)= EUR 600.

\(^{22}\) Three or four pension funds are envisaged to be formed by 2018.

\(^{23}\) A bonus may be considered for those remaining active for 37 to 40 years, and a penalty for those retiring earlier.
about 50% to 55%. (D) Supplementary pensions will be based on “individual accounts” (activating thus a regulation introduced by Law 3029/2002).

Equalising pensionable age between men and women in the public sector is a hotly debated issue too, as Greece needs to conform to an EJC (European Court of Justice) ruling based upon the equal treatment principle. Roughly about 140,000 women in the public sector are affected (particularly women with underage children) that entered the labour market between 1983 and 1992. Rising pensionable age for these women was initially decided to be phased in from 2013 onwards (with the aim to reach equalisation by 2020, and thus cover a 7 to 17 years gap that exists between men and some categories of women in the public sector); however, recently, implementation of this regulation was speeded up. Also currently the Labour Minister announced that the provisions of Law 3655/2008 concerning the increase of the age threshold for early retirement for women with dependent children will be activated. He equally announced the reintroduction of a special tax paid by pensioners with income above EUR 1,400 that will be used for funding the deficits by social insurance funds.

Trade unions strongly oppose to a rise in pensionable age – from 65 to 67. According to a recent study by GSEE (see footnote 2 above), “a two-year increase of pensionable age adds to the existing system about six and a half months’ life only”. Until fairly recently the Labour Minister expressed agreement with this view and claimed that structural reforms, in parallel with strong disincentives for early retirement planned to be introduced, would significantly increase the actual retirement age (from 61.4 years to 63 years).24 Though, under the pressure of the rescue plan, the Government’s stance on retirement age increase significantly changed.

Prominent in the reform agenda are also the following issues referred to time and again by policy experts, politicians and the media: (1) Stricter controls of contributions evasion (that increased further by the crisis). (2) A reconsideration of the list of “heavy and unhealthy jobs” that enjoy favourable retirement conditions. (3) Improving legal provisions for successive insurance by different social insurance funds. (4) A new institutional framework for the effective and efficient management of the funds’ capital assets. (5) The administrative and financial separation between health insurance and pension funds, so that the former can coalesce in order to secure better purchasing terms from health providers and pharmaceutical firms, with the aim to contain health care expenditure.25 Finally, the need for securing resources for the reserve fund (established by the Law 3655 /2008), so as to guarantee the sustainability and adequacy of pensions in the future, has persistently been stressed in public debate (both, the social partners and the Ministry have made various suggestions for possible funding sources – e.g. VAT, general taxation, an excise on lottery etc.). However, under the present austerity conditions, only the VAT funding-source is considered (in accordance with Law 3655/2008 and the 2010 Budget), and any other “extra levy” has been ruled out.

2.1.3 Critical assessment of reforms, discussions and research carried out

The need for a structural reform in pensions is overdue in Greece; it remains to be seen, however, whether the crisis will provide a window of opportunity for a reform that could

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24 So as to reach the level of the early 2000s, before some large-scale early retirement plans in the wider public sector, due to privatisation policies, that rapidly boosted actual retirement age.

25 The new Government, also, recently re-introduced the positive list of drugs that was abolished by New Democracy, and opened up debate on national standardised charges (through DRGs) and electronic monitoring of drug prescriptions.
secure the sustainability and adequacy of the system in the coming decades when the effects of demographic ageing will be strongly felt.

The administrative and organisational overhaul attempted by the recent law constitutes a significant step to system modernisation. Yet so far, implementation results are rather poor. Shortly after the enactment of the Law debate subsided, even though implementation is a crucial task and scarcely any tools for monitoring and analysing developments are available. The change of government in October 2009 and the serious fiscal strains and economic crisis conditions brought again the need of further reform at centre stage. Disappointingly, early statements by the PASOK Government yielded to party political expediency (freezing of certain provisions of Law 3655/2008, e.g. the rise of early retirement age threshold for women; indecision with respect to the ruling of the ECJ for equalising retirement age between men and women). Nevertheless a new round of public debate became imminent due to deteriorating economic conditions and the strict measures decided in the Updated Stability and Growth Plan (submitted to the European Commission in early 2010) so as to drastically cut budget deficit over 2010. Yet, once more, public debate took place in the absence of a solid base of evidence and systematic monitoring of social insurance (progress in actuarial studies required for the implementation of Law 3655 of 2008 has been very slow; while comprehensive evidence for reliable projections upon which experts could draw for developing a reform plan is highly wanting). Notwithstanding political manoeuvring by the Committee, the thin evidence-base due to the lack of systematic monitoring of social insurance strongly limited its ability to go further than the well-trodden path of general statements.

(a) System modernisation, sustainability and adequacy of pensions

The legal and policy documents concerning the administrative reorganisation attempted by Law 3655 of 2008 emphatically stressed the target of administrative modernisation of social insurance that would increase financial resources for pension expenditure. However no systematic evidence on financial impacts followed implementation. Vague arguments about economies of scale, expressed by the previous Government, to be realised as a result of a more tidy structure of social insurance, are not supported by aggregate data on deteriorating finances of social insurance funds (though certainly the crisis conditions aggravated fiscal strains).

The law stipulated that over a six-month period, since its introduction, actuarial studies for the merging institutions should be carried out. However, no information has been available by the Ministry on progress made in this respect. Furthermore, major issues such as, for instance, how IKA will deal with the debts of Funds of Public Utility Corporations and Banks amalgamated into it, have not effectively been tackled and a detailed, comprehensive implementation plan has not been available so far. On the basis of POPOKP’s estimates, financial liabilities transferred to IKA through merging and incurred cost (particularly by

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26 For the deficiencies characterising the “legalistive administrative tradition” in Greece and the slow development of “new governance structures” (i.e. particularly, the separation of politics from administration/execution and the establishment and operation of independent bodies overseeing and auditing service outcomes) see Guillen & Petmesidou 2008. Equally lacking are nationwide, systematic monitoring and performance evaluation mechanisms of public policy.
early retirement programmes) surpass any gains from cost-containment following administrative modernisation.\(^\text{27}\)

Moreover, the problem of how to generate an adequate evidence-base for examining sustainability and adequacy is seldom addressed in public debate that most often than not is fuelled by party political expediency.

The risk of poverty among people 65 years and over remains comparatively high in Greece (as Table 1 shows). Evidently more targeted benefits to those most in need are required in order to achieve adequacy of pensions. The one-off (means-tested, tax-free) benefits provided by the previous and present Government to low-income pensioners (and other vulnerable groups) were considered an ad hoc measure of support under the crisis conditions. Surely, preventing poverty among the elderly is an issue that very much depends on the “new architecture” of the pension system under consideration by the Government (and since April 2010, in collaboration with the international authorities supervising the economy of the country).

Table 1: At risk of poverty (cut-off point 60% of median equivalised income after social transfers)

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<td>EU-25</td>
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<td>Greece</td>
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<td>30 (21)</td>
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Furthermore, regarding equity issues, an OECD report (2007) suggests changing the basis for calculating self-employed pensions from notional to actual earnings (or “some proxy measure such as turnover”). This is considered to eliminate distortion in favour of the self-employed and against dependent workers and improve equity.

\(b\) Active ageing

As stated earlier, Law 3655 of 2008 enforces an increase in retirement age, particularly by progressively eliminating preferential regulations for certain groups (women with underage children, entrants into the labour market before and after 1993, persons employed in “arduous and unhygienic jobs”). The new Government lifted the regulation in respect to women with dependent children, but reactivated it recently with progressive increase to be in force from 2011 onwards.

\(^{27}\) For instance, in the case of the amalgamation of the pension fund for the employees of the Bank of Greece and the National Bank of Greece, the recently approved law stipulates that (a) the employer (i.e. the respective Bank) will pay to IKA an amount that equals the deficit of the pension fund on 31\(^{\text{st}}\) December1992 (this will be paid without interest, in equal instalments, over a period of fifteen years), and (b) the state undertakes responsibility for the fund’s deficits. First, no reasons are given why it was decided that the “employer” will cover the deficit as this stood in 1992 (and not in 2008!), and second the expression that “the state undertakes responsibility of the deficit” is rather vague as it does not exactly define whether the state will provide financial resources or simply act as guarantor.
The employment rate among older workers (aged 55 to 64) is comparatively low (42.2% in 2009), with no clear signs of a strong upward trend. A recent OECD report clearly shows that, in Greece, the financial disincentives to remain in work at older ages are among the highest in the EU and OECD countries. This is mostly due to “high statutory replacement rates and benefits and a range of special provisions that allow early retirement before the “normal” retirement age of 65” (OECD 2007, p. 15). Furthermore a sharp rise in unemployment over the last year and gloomy forecasts for a persistently upward trend will undoubtedly impact negatively upon employment rates (including employment rates of older workers). Other recommendations by international organisations that may encourage, to one degree or another, active ageing focus on linking pensions to lifetime contributions, and periodically increasing retirement age in respect to increases in life expectancy. The latter recommendations are being seriously considered by the Ministry of Labour and Social Insurance as a possible policy option in the context of the impending pension reform.

(c) Information services and debate

IKA introduced an electronic system for monitoring time of paid contributions by the insured persons. This was initially piloted in a few pension providing units and subsequently expanded to all IKA branches. It is accessible by insured persons so as to get relevant information about insured time and level of basic pension they can receive. This is a significant step for promoting information services. Progress in improving information and transparency must be pushed further, however, given that many social insurance funds lag behind in this respect. There are no surveys or other sources regarding the level of knowledge/competency (and any changes) in respect to income security in old age (neither any information on differences by gender, age and educational level). Policy documents only marginally touch upon the issue of how financial literacy and information services across public (and private institutions) on old age security can be enhanced.

Consultation with the main stakeholders in respect to the pending reform has been deficient, while so far no broad public debate has taken place. As mentioned earlier representatives of large trade union (GSEE & ADEDY) abstained from the workings of the Committee formed by the Ministry of Labour. Furthermore the recent appeal of the country to the EU and the IMF for a rescue plan entails drastic structural adjustment measures – as a precondition for the loan package – among which a structural reform of the ailing social insurance system is eminent. Under these conditions it is highly likely that reforms may be introduced in a more or less unilateral way (by the Government and the “supervising” the rescue plan supranational authorities). Such a condition is prone to intensify social conflicts and unrest putting at risk the reform plan. The more so as public-interest information channels through (more or less) independent think-tanks and policy oriented epistemic communities are rather weak in the country, a condition that puts limits to argumentative procedures and consensus building. This in turn accounts for a weak research environment and absence of a systematic evidence-base to inform and support the process of policy formation.

2.2 Health

2.2.1 Overview of the system’s characteristics and reforms

Greece introduced a universalist national health system in the early 1980s. However until now it hardly reached the state of a fully-fledged NHS. Both in terms of funding and service
delivery a mixed system continues to operate: an occupation-based health insurance system is combined with a national health service, but private provision is expanding too.

The NHS comprises primary and secondary care. It also employs some physicians and particularly in some rural areas it is the main provider of care. Overall, however, primary and specialist care is characterised by a noticeably mixed system of service delivery by public, health insurance and private providers. The employed population is enrolled in one of the sickness funds that are occupation based. Diversity of coverage by the social insurance funds, the NHS, and for some people by private medical insurance contributes to high inequalities. Multiplicity of funding also accounts for lack of coordination of purchasing policies and system inefficiencies. Roughly about 85% of the population has health insurance that covers primary care, but access to hospital care is universal.

Health care funding derives from payroll taxes, general tax revenue and out-of-pocket payments (including under the table payments to hospital doctors). The majority of primary care doctors are specialists. There are very few general practitioners (GPs) in the country and a gate-keeping system is absent. Within the public sector, IKA operates primary health centres (about one hundred) for its insured population (including pensioners of OAEE). Primary care is also provided by the outpatient departments of hospitals, the about 1,300 rural health posts and the 200 semi-urban and rural health centres (Petmesidou & Guillen 2008, p. 114). It is estimated that about half of the number of physicians are directly employed mainly by IKA; these are salaried staff, but they can also pursue private practice. The rest are in private practice and a large number of them are contracted by sickness funds on a fee-for-service basis. Moreover, prevention practices of primary care remain extremely marginal.

Public hospital funding derives from two sources: doctors’ salaries and capital investment are provided by the Ministry of Health through general taxation, but services offered are paid on a per person, per diem basis by the sickness funds. Moreover health care budgets are formed on a historical basis and no ceilings are applied either for sickness funds or hospital expenditure. Deficits incurred by both social insurance funds and hospitals are transferred to the state budget and are covered retrospectively by social subsidies.

Total health expenditure as a proportion of GDP is steadily around 10% since the mid-2000s. Private health expenditure amounts to about 40% of total health expenditure (OECD data for 2007). More importantly, over 90% of these private outlays constitute out-of-pocket payments (compared to an OECD average of less than 80%, OECD 2009, p. 89). To stress also, that private household spending does not result from high formal patient co-payments to medical costs. The latter are rather modest and concern mainly contributions to pharmaceuticals (ranging between 0 and 25% of the costs of drugs depending on the patient’s

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28 In contrast to other countries with a health insurance system (e.g. Germany), employers (& employees) cannot choose among competing health insurance funds.

29 To give an indication of the inequalities in terms of coverage among social insurance funds: “in 2006 health care expenditure (including health care services and benefits) per head of the insured in the social fund for the self-employed (OAEE, excluding the professions) amounted to EUR 344; the corresponding rates for IKA, OGA and some of the ‘noble funds’ for public utility employees, like those in telecommunications and electricity, were EUR 635, EUR 648, EUR 1,040 and EUR 980 respectively” (Petmesidou & Guillen 2008, p. 115).

30 For the profile of the private health sector see ICAP 2009.

31 Private health insurance has been of limited importance so far (only 10% of the population is covered by private medical insurance see Siskou et al. 2009).
income and the severity and/or chronic nature of the illness). Direct household payments include both formal and informal transactions for services (i.e. private doctor consultations, visits to private diagnostic centres & laboratories and private hospitals; as well as “bribes” paid to hospital doctors). According to data presented at the Annual Medical Conference in Greece (May 2009), over the last few years private outlays for health care amounted, on average, to over 7% of monthly household expenditure. Extensive reliance on out-of-pocket payments and indirect taxation renders the system highly regressive with negative effects on fairness. Furthermore, as widely discussed in the relevant literature, “equity, efficiency and cost-containment outcomes have persistently been poor in Greece” (see Mossialos et al. 2005; Davaki & Mossialos 2006; Petmesidou & Guillen 2008). Despite repeated reforms deficiencies persist and trigger off a high degree of dissatisfaction by the population (Tountas et al. 2005). This explains also why private health expenditure has been growing rapidly in recent years (for an estimation of the constitution and volume of private payments see Siskou et al. 2008 as well as Liaropoulos et al. 2008).

There have been no reductions regarding benefits over the last few years, neither any significant changes in co-payments. The latter were introduced in the early 1990s in an effort to contain pharmaceutical costs. Furthermore, a positive list of drugs introduced in the end of the 1990s, was abolished in 2006 (by the New Democracy Government) on the ground that no substantial cost reduction was achieved. However, pharmaceutical expenditure has been galloping over the last few years and is a major cause of ongoing deficits of sickness funds (on trends in pharmaceutical expenditure see Yfantopoulos 2008 and Ministry of Labour and Social Insurance 2010). According to data provided by the Ministry of Finance, total expenditure on drugs reached EUR 9.5 billion in 2009 (amounting to 2.7% of GDP, while the corresponding EU average was 1.8%). In early 2010 the new Government reintroduced the positive list and adopted new rules for setting drug prices (reference price will be determined by the average of the three lowest prices in the twenty-six EU member countries).

As repeatedly stressed in the literature, statistical information on many parameters of health care is deficient (see for instance OECD 2009, p. 95). This is the reason also for “the opacity of information” in respect to waiting lists for medical services. Though it is widely acknowledged that there are long waiting lists, very little information is available. It is estimated that there is a six month wait for some surgeries, in Athens hospitals, and the wait for appointments with specialists can be as long as 150 days (e.g. five-months wait for an outpatient neurological consultation and just about three months for radiotherapy; Health Care Economist 2008; Tanner 2008). This is partly due to staffing shortages (owing mostly to low pay rates for both nurses and doctors).  

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According to OECD data, roughly about 50% of primary care expenditure is financed directly by households, while the corresponding proportion for hospital care and pharmaceuticals is around 30% (OECD 2009, p. 102).

It late 2009 it was estimated that there was a massive shortage of over 18,000 nurses and of approximately 4,500 doctors in the NHS (particularly in hospitals and health centres situated in peripheral regions; data obtained from POEDIN, the Panhellenic Federation of Public Hospital Workers). As soon as PASOK came to power, it announced filling up about 3,000 nursing and 1,500 doctors’ posts. Also in early 2010 about 80 acute beds -that remained closed due to staff shortages- were opened by the Ministry of Health. Nevertheless, shortages in critical care beds remain high. As indicated by the secretary-general of the
After a protracted period of consultation between the Ministry and the trade unions of public hospital doctors, a new law was enacted in March 2009 that introduced changes in employment terms and conditions of hospital doctors. Regulations concern working time schedules (in accordance with the Directive 2000/34/EU), pay levels, appointment processes and advancement in career paths. Most importantly, the law introduces a new career structure for hospital doctors on the basis of the so-called “multi-director system” according to which after consecutive successful assessments doctors can attain the position of clinical director irrespective of whether such a post is available.34

The new Government that took office in October 2009 faced a swollen outstanding debt by public hospitals, amounting to about EUR 6.5 billion. Financial difficulties constitute a regular phenomenon in the NHS arising from a number of factors: delays in payments by insurance funds, escalating costs of pharmaceuticals, absence of a cost accounting mechanism that would facilitate assessment of the efficiency of resource allocation, lack of transparency in hospital procurement allowing for fraud and corruption and absence of professionalism in administration.35 Some attempts by the previous Government to improve financial efficiency of public hospitals did not bear fruits. A change in the procurement process by health care units (Law 3580) enacted in 2007 aimed to simplify the ordering procedure. A central procurement committee was formed in the Ministry of Health with the aim to control and coordinate the whole range of procurements by public health units. Particularly concerning pharmaceuticals, the Ministry expected to secure a 40% reduction of procurement cost mainly because the new system would speed up payments to pharmaceutical firms and thus high interest imposed by firms because of payment arrears would be avoided. Nevertheless, until late 2009 not much progress in central coordination was recorded. The central procurement committee remained understaffed and poorly functioning, while new legislation increased red tape between health care units and the Ministry as all demands for supplies had to be endorsed by this central agency. These conditions blocked purchases creating at times serious shortages in medical consumables and the system soon reverted to its previous state with each hospital making its own purchases of medical products. Needless to say, no economies of scale were achieved; instead hospital debt soared. Serious delays are also recorded in respect to the introduction of an IT system in hospital management and administration. As a result, the double-entry bookkeeping system (and the mandatory publication of hospital balance-sheets

Panhellenic Trade Union of Nursing Staff (PASONOP, see Newspaper “Macedonia” 18 April 2010, accessed at [http://www.makthes.gr/news/reportage/54050/](http://www.makthes.gr/news/reportage/54050/)), it is highly likely that the recently opened 80 acute beds will be closed in summer 2010, given the fact that the appointed staff is on short-duration contracts. According to data by PASONOM, there are approximately 500 acute beds operating all over the NHS, while on the basis of international standards 2,000 would be required. Out of these 500 critical care beds, 76% suffer shortages of adequately qualified nursing staff, 26% exhibit shortages in medical staff, and 15% lack the required equipment (ibid.).

34 If assessment of a doctors’ record is negative, he or she can apply for re-evaluation after two years; in case of a second negative assessment, the applicant remains in the same rank but get the salary of the next higher rank and is re-evaluated in a 5-year period. Under this system almost all public hospital doctors sooner or later will reach the rank of director, yet not all of those promoted to this rank can be appointed as clinic directors. To mention also, here, the Law 3389 enacted in 2005 on the private finance initiative (Greek acronym: SDIT) aimed to boost private-public partnerships for funding construction, maintenance and operation of health and social care units (hospitals etc.). Health care infrastructure of about EUR 870 billion had been planned under SDIT by mid-2009, but the tendering process moved rather slowly.

35 For the fraud and corruption in public hospitals see the 2008 report by the Health and Welfare Services Inspectorate (SEYYP 2008).
and annual reports) planned to be in force by 2008, has not been implemented yet. Evidently, such persistent financial deficiencies in hospital management exert high budgetary strains. The PASOK Government that succeeded New Democracy in office announced its commitment to rationalise procurement and proceed with the use of the double-entry accounting system that would facilitate data collection and improve health statistics. In addition, it pledged to systematically implement an IT system (according to Law 3697/2008) for recording and monitoring prescriptions in all public health units (public hospitals, health centres of social insurance funds and private pharmacies), so as to “combat abusive prescriptions”, facilitate “comparisons with average behaviours” and rationalise the system (taking also into account specificities for each medical speciality, the demographic profile of geographical areas and other relevant characteristics). When the above law was passed, it was estimated that “the system would cut prescription costs by up to 30% generating annual savings of about EUR 2 billion” (0.8% of GDP, OECD 2009, p. 110). Surely, for any gains to be realised, an effective and efficient planning, budgeting and procurement process is required.

2.2.2 Overview of debates/the political discourse

The need for enhancing quality and efficiency of health care has been repeatedly stressed in public debate. Under the conditions of the economic crisis particularly pressing is the need for cost-containment given the persistent financial problems of public hospitals, the huge deficits incurred by some health insurance funds (e.g. OPAD, the Health Care Organisation for Public Sector Employees) closely linked to the rocketing pharmaceuticals expenditure. Recurrent issues in public and academic debate include the need for a coordinated primary health care system that will tackle fragmentation and reduce inequalities in coverage among the 30 health insurance funds; serious fiscal and quality deficiencies of the public health sector, incomplete cover of certain types of care (dental care, computerised tomography and magnetic resonance imaging scans and other specialised diagnostic tests) and long waiting lists for surgical operations; inefficient procurement and accounting methods as well as ineffective supervision of diagnostic services outsourced to the private sector leading to waste of resources (and corruption phenomena); problems of fairness stemming from the high private health expenditure; the need for greater supervision of medical practices and prescribing behaviour as well as for promoting hospital management professionalisation; better control of pharmaceutical expenditures and rationalisation of procurement; and last but not least, the need for better quality statistical information for improving overall system governance.

To add also that there is no national service regulation that specifies performance standards required across the whole range of (public and private) health care providers, which could supply a basis for uniform costing of services and providers’ reimbursement. Inspection

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36 The previous Government had announced the administrative separation between social and health insurance funds with the aim also to bring the latter under the control of the Ministry of Health. This met strong resistance by the major social insurance funds administrations (currently under the control of the Ministry of Labour and Social Insurance) and no progress was made.

37 Roughly about 31% of private health expenditure (or about 1% of GDP) concerns dental care in Greece (Siskou et al. 2008) due to poor public coverage.
processes that are in place can yield only a snapshot of an organisation’s activities and performance and produce limited reviews of mainly physical standards. Obviously they cannot provide a comprehensive appraisal of quality (embracing stakeholders’ participation as well).

To add, also, that official documents (e.g. the NSR 2008-2010) do not provide specific goals, policy mechanisms and time schedules for tackling most of the above “predicaments”. The draft law for restructuring primary care elaborated by the previous Government (and posted twice on the website of the Ministry of Health) was not submitted to parliament. Neither any progress was made in respect to the creation of a network of urban health centres (only three such centres were created over the last few years). The “National Atlas for Health and Social Care” that would promote a coordinated and efficient system of recording valuable information for improving health care performance did not progress; while the extensively advertised reform of the procurement system (by the previous Government) did not deliver results. Equally the announcement of an administrative separation between health and pension insurance remained on paper.

Furthermore, no major developments took place in respect to tackling health inequalities. Given the fact also that there is complete absence of systematically collected (time-series) data on morbidity patterns (and health care needs) among different socio-occupational groups and geographical areas, the issue of health inequalities is only vaguely touched upon in public debate. Equally lacking are any projections as to future health care demand and expenditure (not to mention long-term care needs and expenditure).

The annual review (for 2008) by the Health and Welfare Services Inspectorate points out many of the above discussed deficiencies. It emphasises the scant control on spending and quality, reports cases of inappropriate prescription behaviour by doctors (e.g. a striking case is reported against OPAD where private doctors abused prescriptions of an amount close to EUR 1 million), corruption in procurement entailing private gains for hospital doctors and other similar phenomena that are referred to justice.

Major problems stemming from the highly fragmented structure of the health care system, its persistently burdensome financial outlook, as well as fairness issues become even more pressing under the conditions of a serious fiscal and economic crisis that the country is facing. In its election campaign the PASOK party pledged to support the NHS. It acknowledged most of the above deficiencies and expressed commitment to improving administrative efficiency and decentralise decision-making (in parallel with a municipality restructuring plan to be introduced if the party won the elections). Its programmatic commitments comprised reforms in hospital management and administration, integration of IKA hospitals with the NHS, quality control mechanisms, increase of public health expenditure by 1% of GDP and sufficient appointments so as to fill all authorised positions of medical and nursing staff. Undoubtedly the dramatic fiscal and economic problems put limits to the resources available for the public health care system. Thus, early in 2010 the Government decided a 10% cut of expenditures across all Ministries – including the Ministry of Health and imposed a hiring

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38 Introduced, initially, as an ambitious project, in the early 2000s (by the then PASOK Government) without much success though.

39 To be exacerbated in the future – if no action is taken – due to rapid demographic ageing.
freeze in the public sector (though health and education were partly excluded from it) and a pay freeze in public sector salaries and pensions (of all social insurance funds). The second austerity package, decided in early March, proceeded to 10% cuts (on average) of civil servants pay allowances. A serious conflict with hospital doctors arose in respect to the above cutbacks and great delays of overtime pay. Repeated strikes over the last two months disrupted hospital functioning. Hospital doctors also claim that their work schedules violate a European Union rule and demand that the Government honours previous promises to hire the required medical personnel.

Undoubtedly, under the pressure of the crisis conditions, the system’s fiscal consolidation is imperative. In this respect may contribute: the reintroduction of the positive list of drugs, in parallel with new measures for pricing drugs (and promotion of generics); progress in the implementation of an IT system for monitoring and controlling prescription of medicines and other pharmaceutical materials; as well as the introduction of the double-entry accounting system in public hospitals. Efficiency may further improve, if these measures are accompanied by a unified cost assessment method based on diagnosis-related groups (DRGs).

To add, also, that the possible merging of health insurance funds into a single unit – contemplated in the context of pension reform – is heading in the right direction. It can lead to pooling of resources that may facilitate efficiency and fairness criteria in the allocation of funding.

2.2.3 Overview of impact assessment

Available studies (among others Davaki & Mossialos 2005 & 2006; Mossialos et al. 2005; Petmesidou & Guillen 2008; Siskou et al. 2008 & 2009) repeatedly stressed the regressive effects of funding and the inequity that results from the progressive shift to private health expenditure: significant regional inequalities in the quantity and quality of services provided are coupled by a diversity of coverage (and contribution rates) across funds and a highly fragmented financing and administration system which increases costs and accounts for poor quality. Furthermore, available literature demonstrates that, historically, the main obstacles to building a truly national health system in Greece were a serious lack of support by major social actors, conflicting interests within the medical community, discretionary privileges to particular social insurance funds, and complex ties between the public and private sector fostering corruption and waste of resources.

Other issues repeatedly emphasised in social and political debate are the oversupply of specialists (but undersupply of nurses), mostly concentrated in the large urban centres; the resulting inequities of access to specialists; significant direct costs faced by patients in the private sector but also in the NHS (under-the-table payments); expensive inputs of the system (like heavy use of expensive medical technologies) contributing to inefficiency.

We also mentioned above the poor quality of statistical data. Hospital performance monitoring is highly deficient, only very crude indicators of process outcomes are available (e.g. length of stay, occupancy rate and admission rate). Systematic information of the

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40 In parallel with “encouraging physicians to prescribe on the basis of the active ingredient and not of branded products”, and revising the system of drug packaging standards so as to restrict waste (see OECD 2009, pp. 112-7).
population health condition is absent and Greece rarely figures in relevant international statistics (Petmesidou & Guillen 2008, pp. 118-9).

Key for rationalising public health care funding is an overhaul of primary health care (with the introduction of a system of referring physicians, pooling of resources and amalgamation of social insurance primary health care services). Furthermore, putting in place a uniform costing system based on medical protocols and DRGs, and promoting techniques of measuring outcome are crucial for improving fiscal soundness and transparency. The attempt to modernise the hospital accounting system is a first step in the right direction, but it remains to be seen how successfully the plan will be completed. Equally crucial will be major decisions on changes in the procurement system, which are pending, in connection with the finalisation of regulations for pricing pharmaceuticals and the overall approach to pharmaceutical policy by the new Government.

As to the problem of staff shortages in public hospitals, in early 2010 the Minister of Health announced the Government’s intention to soon fill 3,000 vacant nursing staff jobs. She also pledged to open about 150 acute-care beds in public hospitals. The tough austerity measures taken in the context of EU/IMF rescue package for Greece (announced on the 2nd of May 2010) will further reduce expenditure by all Ministries and this will, surely, more or less impact upon meeting staff shortages.

2.2.4 Critical assessment of reforms, discussions and research carried out

An overhaul of the health care system in order to improve fiscal soundness and service quality is a major challenge. In this respect integrating and enhancing primary care is a crucial step, as are also the consolidation of health insurance funds into one entity, the separation of insurance from care provision, and the modernisation of hospital administration. As repeatedly stressed, however, ongoing efforts to integrate and develop primary health care (PHC) have not been successful so far, while attempts to modernise hospital administration (and enhance professionalism in management) have proceeded very slowly.

In respect to sustainability, the reform introduced by the previous Government for hospital procurement hardly achieved economies of scale and transparency. Contrarily hospital deficits kept growing and pharmaceutical expenditure rose sharply. Sustainability also calls for an effective introduction of IT in health care and of measures promoting electronic monitoring of prescription medicines, pharmaceuticals and other medical materials. These are issues that time and again appear in public debate. Required reforms range across a whole spectrum of policy areas (health care, social insurance, fiscal policy etc.) on which the Government has not finalised its plans so far.

Greater efficiency of public efforts in the field of health care is a major precondition for improving fairness and adequacy. Inequalities due to system fragmentation, imbalances in the geographical distribution of services and medical professionals as well as exacerbation of the fairness issue due to high private outlays (a large part of it being informal payments), though repeatedly acknowledged in official documents and the public debate, are not systematically documented. There is no systematic information on health inequalities associated with gender, occupation/working conditions, housing and living conditions. Yet such data are extremely important for establishing an efficient and effective planning process in health and social care.
As stressed in a recent OECD report (2009, p. 91), the fragmented character of the health care system creates serious incentive problems “that are aggravated by the asymmetry of information between insurers, health care providers and the insured”. Furthermore, system fragmentation accounts for difficulties in collecting widely scattered information; hence the big gaps in statistical information, the emphasis on aggregate data (and absence of information broken down in detailed categories). Not to mention the “opacity of information” regarding hospital accounts as well as waiting lists for medical services. Hopefully, a range of measures (among others, a cost accounting system, rationalisation of procurement, amalgamation of health insurance funds) – some already piloted, others still under consideration – may improve planning and resource allocation and enhance quality and transparency. The crisis conditions pressingly force improvements in the system’s sustainability. It remains to be seen whether this will be achieved through efficiency gains in parallel with improvements in fairness, or enforced cuts will impair adequacy and quality of services, leading to higher private spending and growing inequalities.

2.3 Long-term care

2.3.1 Overview of the system’s characteristics and reforms

There has been an expansion of social care services over the last few years but it is noteworthy that provision took off from comparatively low levels. Intervention when problems are compounded often leads to institutionalisation with dubious results; not to mention the serious deficiencies in institutional settings due to lack of resources. Particularly wanting is preventative work as well as fast response to crisis situations for supporting families, lone elderly people (as well as persons with long-term disabilities) in the community (Petmesidou, 2006; Guillen & Petmesidou 2008). Moreover, as in the case of health care, systematic data on differences in access to care by gender, age, health status, ethnic minorities and geographical location are absent.

The system is mixed including direct provision of services, social insurance coverage of care needs, tax exemption measures and informal care services. There is also a great diversity of programmes (and modes of cooperation) across public and private for-profit and non-profit institutions. Furthermore, EU-wide policy orientations, such as the reconciliation of family and work and encouraging women to work, have guided most recent policy measures, largely funded under the CSFs (e.g. establishment of day-long schools and centres of creative activities for children during their off school ours, day care centres for frail elderly people, as well as centres for early diagnosis, counselling, support, education and training of disabled people; Petmesidou 2006; Guillen & Petmesidou 2008, pp. 73-7).

Social insurance funds exhibit high inequalities as to the range and quality of services (for long-term care) offered. Per diem cost is kept low and the quality of services is deficient. Thus, extra care needs to be provided by the patient’s family or by privately (often informally) paid nurses.

41 To mention, for instance, the poor progress in respect to the so-called “Psychargos” programme aiming at the reform of the mental health sector in Greece.
The interaction between health and long-term care does not constitute an area of significant policy concern. In official documents (e.g. the NSRs 2006-2008 & 2008-2010; and the National Programme for Social Cohesion and Solidarity 2007-2013 issued by the Ministry of Health) the link between these two care fields is very superficially touched upon, and it is evident that from the mid to late 2000s no major developments took place or are planned to be effected in the near future. Both of the above planning documents make reference to ongoing de-institutionalisation efforts. Yet in the field of psychiatric medicine, reform grew with very low pace or even stagnated over the last few years due to lack of financial resources. A new agreement between the Ministry of Health and the DG for Employment and Social Affairs was signed in April 2009, with the aim to give a boost to the de-institutionalisation process of the mentally ill. Once more, however, no major steps were recorded. Moreover, the community care units that were formed for replacing institutional care incurred a deficit of about EUR 30 million over 2009, due to lack of funding by the Ministry of Health. There are thus serious concerns about the future of the programme and a generalised (funding & organisational) incapacity of the psychiatric system to cover existing needs in the country is evident.\footnote{The new Government pledged to increase funding of the programme for 2010 (providing EUR 85 million), but the promise has not been materialised so far.} Alarming this might result in a regressive trend that could force long-term patients to return to psychiatric hospitals.

Other social care institutions operating at the interface with health services (concerning disability and rehabilitation) are the Centres of Social Support and Training for People with Disabilities, KEKYKAMEA and the Centres of Physical and Social Rehabilitation, KAFKA. Despite the fact that the NSR 2008-2010 makes reference to the further development of these specialised Centres for people with disabilities & centres for rehabilitation, most of the existing Centres remain understaffed and with very low budgets (over the last few years most of the personnel were “stagiaires” or other temporary-contract workers, though the specialised services that these Centres should provide require high expertise and efficient performance that the short-term contract conditions do not facilitate).

Equally, the “Home Help” programme for the elderly and the handicapped (for a long time financed partly by EU resources) faced serious funding problems over the last couple of years. It extensively relies on personnel employed on short-term contracts (e.g. “stagiaires”) and inability of the state to secure national resources (in addition to EU funding) often threatened its operation in various localities. About a year ago a voucher system was introduced, that would give the opportunity to eligible persons to “buy home help services” from the publically run programmes (in local authorities) as well as from voluntary and private providers. Vouchers are also used for nursery services so that eligible families can have a choice of either public or private (for profit or not profit) nurseries. In both cases the voucher system was held to increase efficiency by local authority services and boost competition. However no studies have so far been conducted for providing empirical evidence on this. Particularly in the case of “Home Help”, there are serious doubts whether the voucher system can improve efficiency, as eligible persons (mostly old-aged, deprived persons, with low level of education) may lack information about alternative providers (and how to get better value-for-money).
Despite growing need for long-term care due to rapid population ageing in the next decades, this policy area is rather neglected. There are no systematic data on existing needs and mode of coverage, neither any projections for future numbers of dependent elderly persons (prevalence rates and projections of dependency). Other issues that are highly relevant for planning long-term care are also hardly touched upon by official planning documents – these are the balance between formal and informal care, between residential and open care, past and projected care unit costs and other pertinent information in order to plan ahead how to meet growing demand. To add here that such a documentation and analysis is notably absent also from “The National Programme for Social Cohesion and Solidarity” (2007) – that is the main planning document for social welfare for the period 2007-2013.

2.3.2 Overview of debates/political discourse and impact assessment

Long-term care is not a prevalent issue in public debate (and political discourse), and, generally, social care constitutes a chronically ailing and highly deficient policy area in Greece. The family and particularly women have traditionally been the main providers of social care. To the extent that statutory care developed it was geared towards institutional care, albeit falling far short of existing needs (and catering mainly for the most deprived). Personal social services (at the local/community level) have so far been minimal and patchy. Developments over the last decade or so about (i.e. the expansion of the programme of domiciliary care for the elderly, the establishment of day-care centres for frail elderly people, or of centres for early diagnosis of disability, counselling and vocational training to disabled citizens and other similar projects targeted to specific vulnerable groups) have extensively relied on EU initiatives and funding. Discontinuation of EU funding seriously threatens the operation of some of these comparatively recently established programmes. Furthermore, as stressed above, serious problems as to the continuity and efficiency of services stem from the fact that these programmes rely heavily on temporary staff. The decision of the PASOK Government to fire all stagiaires in the public sector (on the ground that these appointments though nominally made under the EU-funded “Stage” programme – by the previous Government –, were financed by national sources, this being considered an act of party political expediency trespassing regulations) had a serious impact on many of the above mentioned care services.

To mention, also, that for the “Home Help” programme (in which about 3,800 staff are employed in about 1,000 service units in the county, providing care to roughly about 120,000 old-aged and disabled persons) resources are secured until the end of 2010, and the future operation of the programme is at stake. Furthermore, over the last few months roughly about forty Centres for the Creative Activities for Children with Disabilities closed down and 700 staff employed in the remaining 200 Centres are unpaid for the last 8 to 12 months.

A major issue stressed in the rather thin literature on social care concerns the changes to the “familialist” pattern that traditionally characterised Greece. As the strains upon the family grow, due to the decline of traditional family and kin structures, and changing gender patterns, coupled with demographic trends, the family’s capacity as care and welfare provider

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43 Strikingly, a number of these “stagiaires” had their contracts renewed several times in the past (thus, they were not in reality “stagiaires” but employees covering basic functions in the services where they were employed).
significantly weakens. This is further compounded by the fact that the social protection system in Greece is hardly geared towards protecting the family. Family benefits are comparatively low, statutory personal services remain patchy and no major foci of specialised care development, regulation and coordination are formed; while on the other hand a fast expanding informal market is witnessed over the last decade. This increased inequalities among social groups in terms of coverage of social care needs.

Growing demand for care services, due to changing family patterns and increasing female employment rates, combined with demographic ageing and a steadily increasing number of lone elderly people, is met by female migrant labour (either as co-residing or day-care minders, Guillen & Petmesidou 2008, p. 75). Thus, a mode of informal privatisation in care arrangements is emerging, particularly among middle and higher income groups, where the family still plays a coordinating role but care tasks are undertaken by foreign minders (see also Cavounidis 2006; Lymberaki et al. 2009 and Lymberaki & Tinios 2010).

The deficiencies of the system of statutory care are also reflected on the poor coordination of available programmes and institutions. Official documents have repeatedly announced the intention of the Ministry of Health to develop an “Atlas of Social Services” for mapping available services, pooling information and promoting coordination. Such a project was initially announced in the early 2000s – by the then Ministry of Health and Social Welfare – with little success though until recently. The intention to develop and up date such a project, that figures as an important priority in successive official documents (e.g. NSRs, CSFs & National Strategic Framework 2007-2013), is strikingly incongruent with the negligible action taken so far.

In its election campaign the PASOK party pledged to proceed to a structural reform of local administration (the so-called “Kallikratis” plan). This is intended primarily to drastically reduce the number of local authorities (from 1,033 to about 340), restructure prefectures, institute elected regional authorities, and introduce new rules in local funding and administration. In this context pledges are made for a broader range of “functions” to be transferred to local administration. The establishment of social services under the authority of municipalities is also envisaged with the aim to integrate the currently fragmented social care units (for instance, most “Home Help” programmes are run by independently operating “municipal development enterprises”). Nevertheless so far details on the transfer of powers to local administration have not been unveiled, while public debate focuses mostly on the merging plan that has caused strong political conflicts.

2.3.3 Critical assessment of reforms, discussion and research carried out

As stressed above, coverage of need by social care programme is wanting, and sustainability of current provision problematic. Furthermore sustainability and adequacy of provision are very poorly addressed in official planning documents (e.g. “The National Programme for Social Cohesion and Solidarity” 2007-2013 and the NSR 2008-2010). In a manner of “wishful thinking” the NSR 2008-2010 expresses the intention of relevant authorities to use efficiently all the available national sources as well as external ones (EU and other international sources) in order to meet demand. The private financial instrument (SDIT), legislated a couple of years ago, was considered to contribute to the improvement and expansion of new care units; however, so far among the approved projects primacy is given to health and education
Poor planning undermines support for data provision (hence the paucity of information on long-term care needs in respect to demographic estimates and expenditure trends and forecasts). Equally marginal is any concern with equitable financing (progressive taxation and contributions, risk pooling etc.), coordination between medical and care services, and the many factors involved in measuring quality in social care (like measures of satisfaction and unmet need, support provided to family caregivers, consumer choice, the use of assistive technologies etc.). To mention briefly that in the early 2000s, in the context of the establishment and operation of a number of social care centres (under the 2nd – and continued under the 3rd – CSF) a couple of studies were carried out by the then Ministry of Health and Social Welfare on developing performance indicators for both residential care and open care programmes. Nevertheless, attention to evaluation (not to mention quality appraisal) is fragmentary. It is carried out mostly on a “project basis”, to the extent that this is a mandatory requisite of EU-funded programmes. This has hardly so far encouraged systematic and comprehensive performance evaluation processes.

In a nutshell, formidable challenges (time and again stressed by academic studies, EU reports and other documents) lie ahead for the authorities in respect to social care; among others, to promote coordination (and networking) among various providers (social insurance funds, health units, local services etc.), promote transparency and information and most importantly put in place a system of gathering and compiling data that are indispensable for social care planning (assessment of future needs, fairness and adequacy of coverage, as well as of sustainable funding opportunities).

3 Impact of the Financial and Economic Crisis on Social Protection

Greece’s vulnerability to the financial crisis has been strongly linked to escalating public indebtedness and rising borrowing costs due to high turbulence on the international money markets. The impact of the crisis was felt with a time lag. Growth decelerated to 2.0% in 2008 down from 4.5% in the two previous years. A marked decline was recorded (-2.0%) in 2009 and the public deficit shot up to 13.5% of GDP. The serious debt-crisis forced the incoming Government (after the October 2009 elections) to issue several austerity packages (since January 2010). The country’s budget situation was seriously aggravated in Spring 2010, as repeated attempts by the Ministry of Finance to raise money from the international markets faltered. The Government turned to the EU/IMF emergency rescue plan made available upon agreement on a structural reform package embracing harsh austerity measures. A total amount of roughly about EUR 110 billion emergency loans aimed at averting sovereign default will be available to Greece in a three-year period depending on a steady implementation of the

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44 The country progressively piled on a huge public debt over the last decade.
agreed reform programme. Austerity measures are estimated to lead to contraction of GDP by about 4% this year; while the public deficit is estimated to decline to 8.1% (the time frame for bringing it down to the ceiling of 3% is 2014).

Employment rates in Greece are comparatively low (61.5% in 2009, well-below the EU-27 average: 64.6%). Particularly low is the employment rate for women (45.2%, EU-27 average: 55.6%), as well as the employment rate of older workers (55-to 64 years of age, 42.2% in 2009, EU-27 average: 46%). These rates are far from the Lisbon employment targets. Moreover, a protracted crisis with deepening economic recession and rising unemployment does not augur well for the country’s ability to meet the “revised” EU employment target (75%) for 2020.

Unemployment reached 11% in late 2009, a six-year high (about 9% for men and 13% for women; youth unemployment shot up from 22.4% in late 2008 to nearly 28% a year later). Economic contraction is expected to further increase unemployment even more rapidly than in the previous year (forecasts put it at around 18% to 20% by the end of 2010 or early 2011).\(^45\) To stress also that roughly about 43% are unemployed for more than a year.

Since the onset of the global financial and economic crisis various recovery packages and specific measures have been decided by the Government. Initially major emphasis was given to enhancing liquidity in the funding market (e.g. with law 3723/9-12-2008 a EUR 28 billion stimulus plan was decided for the banking system so as to increase liquidity to the Greek economy).\(^46\) Measures for supporting SMEs\(^47\) — and particularly preserving existing jobs in SMEs — has also been a major priority. Through the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME) access to financing by small enterprises has been facilitated (the Fund provides guarantees to credit institutions and subsidises interest rates). Moreover, several measures have been taken (by both the previous and present Government) to protect borrowers and over-indebted households. In parallel active labour market policies were developed: e.g. subsidised employment schemes for young workers entering the labour market (and particularly women), for unemployed workers in regions severely hit by enterprise closures and economic restructuring; start-up funds to young professionals and various training programmes for the unemployed (including disabled persons and cultural and religious minorities); a project of converting the unemployment benefit into employment subsidy implemented both in the private and the public sector (including local authorities). The latter concerned “stagiaire” contracts, which were discontinued by the present Government, as indicated above. Since January 2010, in collaboration with a number of retail stores, a new support programme for the unemployed is run by the Labour Ministry. This allows unemployed persons registered at OAED to buy foodstuffs and other products (specially marked by the firms that agreed to participate in the programme) at reduced prices.

\(^45\) As the Minister of Labour recently stated, the number of unemployed will soon double (reaching about 1,000,000), if the economy continues to be in recession (Newspaper “Eleftherorypia”, 28 February 2010, retrieved from http://www.enet.gr). To stress also that the unemployment rate stated above is calculated by the Statistical Service of Greece (ESYE). According to OAED, however, the number of registered unemployed had already reached 800,000 by February 2010 (and this gives a rate much higher than the one by ESYE).

\(^46\) In the context of the currently introduced EU/IMF rescue plan the measure has been further enhanced so as to shield the Greek banking sector.

\(^47\) Roughly 98% of businesses, in Greece, employ up to 10 workers.
In respect to social assistance a major development was the launch of the National Social Cohesion Fund (ETKS, established by law in 2008) with the aim to design and implement income support schemes to vulnerable groups with incomes below the poverty line, and also provide documentation on income support needs and policy programmes. Initially a substantial budget of about EUR 2 billion was planned (for 2010), in order for the Fund to provide an income support of about EUR 1,000 to 2 million people falling below the poverty line (e.g. with incomes below 60% of the median equivalised income). This target, however, was never met. Its 2009 budget reached only EUR 350 million. Out of this budget a one-off benefit payment to low-income pensioners, unemployed persons, disabled persons under the welfare benefit scheme and other low-income vulnerable groups was provided by the Fund (amounting to EUR 230 million). The level of the benefit varied according to geographical area and ranged between EUR 100 and EUR 200. When PASOK came to office it abolished the Fund. As stressed in Chapter 1, the new Government legislated (in November 2009) a one-off, means-tested, tax-free benefit, called solidarity benefit, targeted to vulnerable groups (low-income pensioners, unemployed, people receiving social assistance benefits and other low-income groups amounting to about 2,500,000 beneficiaries). Disappointingly, neither this scheme was fully implemented. The second instalment that was to be provided by spring 2010 was recently cancelled as part of the austerity measures that accompany the bail out package by the international lending authorities.

Interestingly, in its election campaign PASOK pledged to support incomes for enhancing social cohesion reasons and boost demand in the economy. It promised salary and pension increases above the inflation rate (estimated at about 1.5%), an extra benefit to lower incomes, measures to protect over-indebted households, freezing of electricity rates and other public utility charges (under the control of the state) for one year, as well as a radical tax reform that would promote “re-distribution” and crack down on tax evasion.

Soon, however, the debt crisis reached alarming proportions and as early as January 2010 the new Government introduced its first austerity package. Under the Update of the Stability and Growth programme submitted to the European Commission in mid-January the following measures were taken: a contingency reserve was created through a 10% reduction in the budgeted expenditure across Ministries; a hiring freeze in the public sector and implementation of the rule specifying that for every five retired public servants only one new appointment will be made (with the exception of the sectors of health, education and defence)\textsuperscript{48}; introduction of a unified tax scale for income from all sources (replacing varied tax rates according to income source); abolition of tax exemptions in personal income and corporate profits; introduction of a progressive tax on large property and inheritances; and an increase in excise duties on tobacco, alcohol, fuel and mobile phone charges. Furthermore in early 2010, the freezing of civil servants salaries as well as of pensions (by all social insurance funds) higher than EUR 2,000 (gross pension income) was decided. A little later, however, the Government decided to extend the pay freeze on all pensioners.

Further measures were agreed by the Council of Ministers in early March. These included a reduction of civil servant allowances (by 10% on average) and 7% reduction of incomes of employees in public corporations; a 30% reduction of the 13\textsuperscript{th} and 14\textsuperscript{th} salaries (the Christmas,

\textsuperscript{48} This is a rule to which previous Governments paid lip service (since the late 1990s the target of reducing public sector employment has been preeminent in rhetoric but not in practice).
Easter & summer holiday bonuses respectively) in the public sector, as well as a 30% reduction of overtime pay. The decision for the hiring freeze in the public sector was renewed and a rise in fuel tax was introduced. In addition a 10% increase in VAT rates was decided; further increases in excise taxes on tobacco and alcohol; a one-off levy of 1% on incomes over 100,000 (earned in 2009) as well as a one-off levy (of 2%) on large property. In mid-April the Greek Parliament also approved a tax bill. A new upper tax rate of 45% was introduced for annual incomes above EUR 100,000 (the previous top rate was 40%). The current EUR 12,000 income tax exemption was kept but people should submit receipts for goods and services to qualify for this. Receipts are considered to help the tax authorities to check and reduce tax evasion.\(^{49}\)

The most recent austerity package agreed with the EU, the ECB and the IMF under the rescue plan\(^{50}\) included an extension of the pay freeze for public sector workers and pensioners (of all social insurance funds) over the entire (three-year) period to which the rescue plan refers. The 13\(^{th}\) and 14\(^{th}\) monthly salary for public sector workers with more than EUR 3,000 gross monthly pay is abolished; those with gross monthly earnings less than EUR 3,000 will receive a EUR 500 bonus at Christmas and a EUR 250 bonus at Easter and in the summer. For pensioners the above bonuses will be set at EUR 400, and EUR 200 & EUR 200 respectively and will be provided to pensioners with gross monthly earning up to EUR 2,500. However, pensioners below the age of 60 will not receive these bonuses. A further 8% cut in pay allowances of public sector workers was decided too. As stressed above, the second instalment of the social solidarity benefit to households with incomes below the poverty line is cancelled.

There will be no renewals for short-term public sector contracts and regulations will be issued for opening up more than 60 “closed-shop” professions and reducing overtime pay. Further measures are: a 10% increase in the VAT rates and a further increase in excise duties on tobacco, alcohol and fuel; a new one-off levy on enterprises with net profits over EUR 100,000 ranging from 4% to 10% (paid in twelve equal instalments), and a rise in the “objective value” of real estate. In addition negotiations with the social partners will begin soon for increasing the ceiling of monthly group dismissals from 2% to 4% (in enterprises with more than 200 workers) and reconsidering severance payments. Also the unemployment benefit will be paid on a means-tested basis. Young unemployed (below 24 years) hired by enterprises will be paid a minimum wage amounting to 80% of the national minimum wage (that is, EUR 590 instead of EUR 740) and social insurance contributions will be paid by OAED (young people will be employed under these terms for a year after which wages should reach the level of pay according to national or sectoral collective agreements). However, as the package of measures includes also the possibility of “training contracts” for young entrants into the labour market on lower remuneration than the national minimum wage, which can be renewed for more than a year, it is evident that a significant reduction of

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\(^{49}\) The bill also provides for heavy penalties for tax evasion and introduces a 90% tax to bonuses at banks and financial firms. It also provides for the taxation of Church income deriving from real estate holdings (that was untaxed so far).

\(^{50}\) Measures will be strictly monitored by the international lending authorities. See the Law for the “Implementation of the Rescue Plan for the Greek Economy by the Member States of the Eurozone and the IMF” that passed through Parliament on 6 May 2010 (retrieved from http://www.parliament.gr/ergasies/nomosxedia/ValidNomosxedio/1436/M-DNTAMEIO-PAP.qxp.pdf ).
young people’s earnings will take place. Appointments subsidised by OAED for unemployed people close to retirement are also included among the measures.

To mention also that an overhaul of the pension system will soon be discussed by the Council of Ministers. The major views expressed in the debate over the last few months were briefly presented in Chapter 2 above. The austerity measures package includes only a very vague reference to the reform. It is indicated that there will be an increase in retirement age (to be linked to changes in life expectancy from 2020 onwards); replacement rates will refer to earnings over the entire working career; a means-tested, minimum guaranteed pension will be introduced; the list of “arduous and unhealthy jobs” will be reconsidered and retirement age for this category will increase to 60 years. Furthermore, it was specifically stated that, in accordance with the ECJ ruling, the retirement age of women (appointed before 1993) in the public sector will increase in a phased-in way from 2011, while from August 2010 a special levy will be introduced for pension incomes over EUR 1,400 so as to create a contingency fund for social insurance organisations, the so-called LAFKA, Solidarity Account for Social Insurance. The time table for the pension reform is still debated, however.

Austerity measures caused great public discontent. Concern is mounting over the extent to which the terms of the rescue package can encourage growth or whether they exclusively aim to secure budget savings. It is highly likely that a preeminent focus on budget savings would lead the economy into deeper depression and jeopardise future recovery chances, with detrimental effects on social welfare provisions.
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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

[L] Long-term care

This is an economic survey undertaken by OECD every two years. The emphasis is primarily on issues of fiscal consolidation. Under the heading of structural fiscal reforms the 2008 pension reform is briefly reviewed and recommendations are made for further reforms with the aim to improve the longer term viability of the pension system (e.g. further reduction of incentives for early retirement, revision of the parameters for pension calculation). The report includes also a chapter on improving the performance of the public health care system. Recommendations in respect to health care focus on tackling the fragmented structure of the system; on the urgent need for developing a unified primary health care and modernising hospital management; as well as on the required efforts to control pharmaceutical expenditure.

“Life 50+. Health, Ageing and Pensions in Greece and Europe”
This is a collective volume drawing upon comparative material (from 16 countries) collected in the context of the EU-funded SHARE programme on health, ageing and pensions. Issues examined include the quality of life in North and South Europe, economic conditions of pensioners and the incidence of poverty among them, health conditions of elderly people and the efficiency of health care systems in the countries examined. Of central importance are also health problems linked to depression illness and melancholia among the elderly.

This book examines the gender dimension of pension reform in Greece between 1975 and 2002. The author raises two main questions: (a) To what extent and why, were gender issues invisible in the Greek pension reform debate? And (b) to what extent, and by whom, were gender issues voiced in the pension reform debate (during the above period)? The research on which the book is based traces the gradual abolition of
women’s prefential treatment in the Greek pension system (particularly following the reforms introduced by the conservative party in the early 1990s). This indicated a gradual shift from derived pension rights to individually accumulated rights via paid employment. Yet, gender inequalities in the division of caring responsibilities within the family remained unchanged, this being a major factor of women’s persistent disadvantage in the labour market and wage distribution.

“Drawing the boundaries of social policy and occupational insurance in fragmented social protection systems: social insurance in Greece, 1992-2008.”

In fragmented social protection systems social insurance is provided by different funds organised along occupation, economic sector or enterprise. In these cases it is difficult to conceptually define what part of provisions derives from occupational insurance and what part constitutes social protection. This ambiguity is largely due to a confusion of roles undertaken by the state – as employer, as share-holder of public or semi-public corporations, as regulator and guarantor of social insurance. The author focuses on the need for clearly drawing the boundaries between these two components (namely, occupational and social protection provisions) on the following grounds: (a) equality of rights, (b) EU regulations that define occupational benefits as part of wage/salary while state funding in this case is considered to breach the competition law by favouring specific enterprises, and (c) the international accounting standards. Greece has been addressing this issue since the early 1990 in respect to public corporations (like public banks, DEH - the Public Electricity Corporation, and other utilities). Out of this emerged some new auxiliary funds for the above corporations and banks. The author critically examines the origins of the problem and solutions given so far with a view to future effects on the structure of social insurance in Greece.

[H] Health

The paper focuses on modelling health expenditure at the household level. The authors indicate the methodological problems of the analysis of household expenditure. Their aim is to compare the performance of several alternative models (including two-part models and generalised linear models). Their findings suggest that “no estimator is best under all circumstances, while most alternative estimators are likely to produce relatively similar results”.

The Report presents the conclusions of the Expert Committee, appointed by the Minister of Labour in late 2009, on pension reform. In an appendix are, also, the different views of the Committee members briefly outlined.

“Social Insurance - Time Zero”

The book focuses on major trends in social insurance in respect to demographic ageing, fiscal problems and cuts in social expenditure. The author develops strong arguments in favour of the welfare state, approaches recent reforms as an attack on major social rights and considers their dismantling to be a fundamental blow to the social foundations of modern civilisation.


The paper examines current and future trends in respect to private health insurance (PHI) in Greece. Between 1985 and 1995 modestly rising PHI concerned supplementary cover so as “to ensure faster access, better quality of services, and increased consumer choice”. The authors stress, however, that PHI coverage remains comparatively low in Greece. The factors accounting for this are low average household income, high unemployment and mandatory coverage by the public system that makes people reluctant to pay for private insurance. They also stress the striking preference by people for under-the-table payments to hospital doctors when the need arises and reliance on out-of-pocket outlays.


“The Mental Health Reform in Greece”

This is a collective volume on the trajectory of mental health reform in Greece. The various organisational and administrative (as well as funding) problems characterising the reform process so far are highlighted in an inter-disciplinary way. The volume concludes on proposals for the way out of the impasse to which reform was led.


The paper aims to assess the influence of demographic and socio-economic factors on health-related quality of life. It is based upon data from a cross-sectional study carried out in 2003 using a representative sample of the population of Athens. Their findings corroborate the relationship between low values of various quality-of-health related measures and low socio-economic status (low level of education, low household income etc.). The authors stress the need for both, the development of health promotion educational programmes and redistribution policies to tackle socio-economic inequalities and disadvantage.
LYMBERAKI, Antigone and TINIOS, Platon, Η προσφορά και η ζήτηση αλληλεγγύης στην πράξη: συγκριτική ανάλυση πρακτικών φροντίδας από και προς άτομα άνω των 50 ετών στην Ευρώπη, στο Πρακτικά Διεθνούς Συνεδρίου της Ελληνικής Επιστημονικής Εταιρείας Κοινωνικής Πολιτικής, Αθήνα: Ελληνικά Γράμματα, 2010.

“Supply and demand of solidarity in action: comparative analysis of care provision by and to persons 50 years and over in Europe.”

The paper uses data on demand and supply of care services among people 50 years and over, collected in the context of the SHARE project (as above). It focuses primarily on informal care and attempts to map demand and provision. It classifies care services according to need (personal care, social activities, health care etc.) and examines also gender differences (in demand and supply). Although it is not a detailed study on Greece, it offers valuable information. The main argument supported by the data is a differentiation between North-West European countries where statutory care is prevalent (and informal care supplementary), and South European countries where informal care is dominant. A major question asked is the extent to which welfare state structures influence the supply and type of personal services.
5 List of Important Institutions

Ινστιτούτο Εργασίας της ΓΣΕΕ (INE-ΓΣΕΕ) – Labour Institute of GSEE (General Confederation of Greek Labour)
Contact person: Savvas Rombolis
Adress: 71A, Emmanel Benaki Street, 106 81 Athens, Greece
A non-profit organisation under the auspices of GSEE. It was established in 1990 with the aim to promote research that allows for an evidence-based intervention of GSEE and its trade unions members to policy areas that are of crucial interest to the trade union movement. Among its activities are: the carrying out of research on labour markets trends, poverty and living standards, social insurance and social protection and other issues. It also organises and implements vocational training programmes and supports similar activities organised by GSEE members. Furthermore, it promotes education and training on trade union issues. Apart from various monographs based on specific research it also publishes periodical reports on the Greek Economy and Labour Market and a monthly newsletter. Two observatories on Labour Relations and Migration Trends are also functioning under INE.

Ινστιτούτο Κοινωνικής Προστασίας και Αλληλεγγύης (IKPA) – Institute for Social Protection and Solidarity
Contact person: Efstathios Triantafyllou
Adress: 6, Ypatias Street, 105 56 Athens, Greece
Webpage: [http://www.ikpa.gr](http://www.ikpa.gr)
It is a public institute operating under the auspices of the Ministry of Health and Social Solidarity. It took its present form in 2005 (under the Law 3370) and its main aim is to promote scientific research on areas of primary concern to the Ministry so as to provide the required evidence-base for policy development, contribute to innovation diffusion and support evaluation processes in the health and social care sector. Since the mid-2000s it has participated in various EU funded projects concerning family policy and disability issues. It also issues opinion for the accreditation of private non-profit social care units and keeps the national registry for adoptions. [No recurrent publications are available].

Ινστιτούτο Κοινωνικής Πολιτικής του Εθνικού Κέντρου Κοινωνικών Ερευνών (ΕΚΚΕ) – Institute of Social Policy of the National Centre for Social Research
Contact person: Maria Topali
email: mtopali@ekke.gr
Adress: 14-18, Mesogeion Street, 115 27 Athens, Greece
Webpage: [http://www.ekke.gr](http://www.ekke.gr)
ΕΚΚΕ is a public agency operating under the auspices of the Ministry of Development (General Secretariat of Research and Technology). The above Institute was established in 1995 with the aim to conduct research basic and applied research in the broader areas of employment, social policy, inequalities, demography, and family issues. Recurrent publication of EKKE: The Greek Review of Social Research.

University research
Research on various fields of social policy (health and social care, poverty and social exclusion, migration, comparative social protection systems) is also carried out by the members of staff of the two Departments of Social Policy in Greek Universities.
(a) The Department of Social Administration at Democritus University of Thrace (established in 1996), [http://www.socadm.duth.gr](http://www.socadm.duth.gr); and
(b) the newly created Social Policy Department at Panteion University Athens (first established in 1989 as Department of Social Anthropology, Social Geography and Social Policy, but since a few years ago social policy became a separate department), [http://www.koinpolpanteion.gr](http://www.koinpolpanteion.gr)

Also in the University of Athens, at the Department of Nursing there is a Research Unit on Health Services Management and Evaluation [Εργαστήριο Οργάνωσης και Αξιολόγησης Υπηρεσιών Υγείας] [http://www.chesme.nurs.uoa.gr/]; and at the School of Medicine, in the Laboratory of Hygiene and Epidemiology, there is a Research Unit on Health Services [Εργαστήριο Υγιεινής και Επιδημιολογίας – Κέντρο Μελετών Υπηρεσιών Υγείας] [http://www.cc.uoa.gr/health/socmed/hygien/kentromeleton.htm](http://www.cc.uoa.gr/health/socmed/hygien/kentromeleton.htm)

**Τέρψη Οικονομικών και Βιομηχανικών Μελετών (ΙΟΒΕ)** – Foundation for Economic and Industrial Research

Contact person: Takis Politis
email: politis@iobe.gr
Adress: 11, Tsami Karatassou Street, 11742 Athens, Greece
Webpage: [http://www.iobe.gr](http://www.iobe.gr)

The Foundation for Economic and Industrial Research is a private, non-profit, public-benefit research organisation. It was established in 1975 with the aim to promote research on current problems and prospects of the Greek economy and its sectors and develop reliable data and information that is useful for economic policy making. It is closely linked to the Hellenic Federation of Enterprises (SEB). It primarily carries out applied economic research, it monitors and analyses economic trends and provides systematic information on various sectors of the Greek economy. A “Health Economics Observatory” is operating within IOBE. Its purpose is to monitor and evaluate economic trends in the health care sector. However, up to now the Observatory’s research focus is mainly on pharmaceuticals market trends (prospects of pharmaceuticals enterprises in the Greece economy, pricing policies, employment patterns in the pharmaceuticals sector).

Recurrent publication of IOBE (in respect to issues of health economics): Annual Review of the Pharmaceuticals Market in Greece.

**Κέντρο Προγραμματισμού και Οικονομικών Ερευνών (ΚΕΠΕ)** – Centre for Planning and Economic Research

Contact person: Professor Kyprianos PRODROMIDIS
email: kepe@kepe.gr
Adress: 11, Amerikis Street, 106 72 Athens, Greece
Webpage: [http://www.kepe.gr](http://www.kepe.gr)

The Centre for Planning and Economic Research (KEPE) was established in 1957 but took its present form in 1964. It operates under the auspices of the Ministry of the Economy to which it provides technical advice on issues of economic and social policy. Among its main aims are the promotion of economic research on various aspects of the Greek economy, socioeconomic data analysis, preparation of forecasts and the drafting of development plans. Although social policy issues are within the scope of KEPE’s research activities, its publications (e.g. on pensions) are a bit dated. On the other hand, from a social policy perspective, there is important ongoing research by the Centre on issues of taxation and income distribution, the evolution of household borrowing in Greece, migration issues, education expenditure patterns, employment patterns and labour market trends.

Recurrent publication of KEPE: Quarterly economic review on “Economic Developments”.
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