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1 Executive Summary

Out of the three sectors covered by the Report, health experienced the most important policy developments. On the one hand, health competences were parcelled out from the Labour, Health and Social Policy Ministry, and a dedicated Ministry was established in December 2009; on the other hand, after a year and a half of tense relations, the Central Governments and the Regions signed the new Health Pact 2010-2012. The agreement appears path-breaking in its attempt at striking a new balance between financial sustainability and quality of health care. The Regions obtained a considerable increase in the amount of available resources. But the Pact also commits the Central and Regional levels of government to design a new set of indicators aimed at monitoring whether and to what extent health care standards are effectively guaranteed across the country and links the new mechanism to resource allocation. It remains to be seen whether the new system will be fully implemented, but the overall approach appears promising - as a recent step aimed at enhancing transparency suggests. Any citizen - by simply clicking on the ministry's website - can now compare the performance of his/her regional and local health system with the rest of the country. However, there are also some problematic developments. In the government's view - as clearly suggested by the "White Paper on Welfare" which the Labour Minister Sacconi released in July 2009 - the current balance between State, market and family should be shifted in favour of more market, more family, and less state. In line with this approach, the health Minister is favouring the development of supplementary health insurances. This adds on to what is already a rather problematic public-private mix stemming from the growing share of public resources which are funnelled - some times without adequate controls - to private providers under contract with the NHS.

The most important change affecting the pension system was introduced by law 3 August 2009 no. 102. According to the relevant provisions - which represent a reaction, albeit reluctant, to a decision by the ECJ, starting in 2010 female retirement age in the public sector is increased to 61 and will reach 65 by 2018. But apart from political skirmishes between the Economy Minister Tremonti and the Minister for Public Administration Brunetta, who was in favour of extending the new rules to the private sector, the topic progressively slipped to the backstage. Considering the strong opposition of the Northern Leagues' constituency to any further reform of the pension system and the fact that both large sectors of the PDL and of the opposition share the view that "enough has already been done", this is not surprising. Certainly, as a result of the reforms carried out over the last fifteen years, the major social insurance fund INPS is running a surplus, primarily stemming from "temporary" benefit schemes and from the special fund for atypical workers However, one cannot dismiss that Italy still has the highest public pension spending of advanced industrialised countries and that – as OECD Pensions at a Glance 2009 suggests - "the risk of such a system is that public pension spending crowds out other desirable expenditure".

Having the highest proportion of elderly population in the EU, Italy witnesses increasing long-term care needs but policies in this field remain extremely fragmented and public services largely insufficient. Notably, within this context many families resort to often irregular immigrant care workers. Against this backdrop there were only two good news: first, the Government agreed to refinance the National Dependency Fund for 2010, in contrast to its previous decisions; second, the Ministry of the Interior launched a regularisation which involved almost 300,000 domestic and care workers, thereby allowing them to acquire legal status and to exit from the grey economy.

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

2.1 Pensions

2.1.1 Overview of the system's characteristics

Over the last year pension issues have not been on the political agenda, except for the policy implications of the ECJ decision on female retirement age in the public sector. Apart from a few political skirmishes between the Economy Minister Tremonti and the Public Administration Minister Brunetta referred to in section 2.1.2, the topic has progressively slipped to the backstage - in sharp contrast to the last fifteen years when pensions very frequently appeared in front-page articles. Especially considering the strong opposition of the Northern Leagues' constituency to any further reform of the pension system, it is not so surprising that the Government opted for a low profile strategy. However, the Northern League was certainly not isolated in its position as large sectors of the PDL also share the view that "pensions cannot be touched" and that "enough has already been done." In fact, along with Giulio Tremonti, the Labour and Social Policy Minister Maurizio Sacconi is one of the strongest advocates of a minimising approach according to which there is really no need for further action, given that the system is stable and financially sustainable – a view which is also fully endorsed by the major workers' trade unions. To put it differently, within the Italian political arena supporters of "bold" measures aimed at shifting resources from pensions to other traditionally under-resourced policy areas - such as family support, housing, anti-poverty measures, childcare facilities, long-term care services and social protection for atypical workers - are no more than a thin minority. Certainly, as a result of the reforms carried out over the last fifteen years, the major social insurance fund for the private sector INPS is currently running a surplus, primarily stemming from the positive balance of "temporary" benefit schemes and of the pension fund for atypical workers. The picture is less rosy if one exclusively considers INPS pension schemes, and yet as the editor of 2010 Report on the Italian Welfare State (Rapporto sullo Stato Sociale 2010) Felice Pizzuti remarks: " At least in the short run, the worries concerning the burden of social insurance schemes on the State budget are not well grounded."[1] However, one cannot dismiss that Italy still has the highest public pension spending of advanced industrialised countries and that – as OECD Pensions at a Glance 2009 suggests - "the risk of such a system is that public pension spending crowds out other desirable expenditure".

Before going into the few policy developments which have taken place in this area over the last year, it is best to highlight the main features of existing pension schemes. The current system is primarily based on the 1995 reform which introduced defined contribution benefits. This method for calculating pension benefits fully applies only to new entrants into the labour market after 1995. Workers with at least 18 years of contribution at the cut-off date remain in the earnings-related regime, while a mixed regime – combining the earnings–related with the defined contribution formula - applies to workers with less than 18 years of contribution at the end of 1995. Eligibility requirements for workers already insured as of 1995 are 65 years of age for men and 60 for women - with a minimum contribution of 20 years. For new entrants into the labour market after 1995, law 243/2004 changed the original 1995 flexible age requirements (57-65) by setting a threshold of 65 and 60 respectively for men and women. As a result of the very long transition period envisaged by the 1995 reform, up until 2013-2015 people will continue to retire on the basis of the more generous earnings-related regime; from

[1] Felice Roberto Pizzuti (ed.), *Rapporto sullo Stato sociale 2010. La grande crisi del 2008 e il Welfare State*, Milano, Academia Universa Press, 2009, p. 253.

2013-15 to 2033-35 a mixed regime will apply with the defined contribution method progressively acquiring greater importance, while defined-contribution pensions will be fully phased in only from 2033-35 onwards.

Within the Italian context seniority benefits traditionally played a crucial role and continue to do so, despite more stringent regulations. Seniority benefits were payable before the legal retirement age with a contribution requirement of 35 years. By moving up the age threshold, over the last decade legislation repeatedly tightened eligibility requirements. Particularly, law 243/2004 moved the age requirement from 57 to 60, starting in 2008. However, the 2007 tripartite agreement (the so-called Welfare Protocol) which was turned into law 247/2007 - provided for a slower phasing in of the new rules. Law 247/2007 represents the current legal basis for early retirement, and Tables 1 and 2 provide the relevant information on contributory and age requirements for the phasing in period 2008-2013. Table 1 shows that until June 2009 the minimum age requirement for seniority pensions was 58 for private and public employees; from July 2009 to December 2010 the age threshold is set at 59 and from January 2011 to December 2012 it will go up to 60, reaching by 2013 the target of 61. Age requirements are slightly higher for the self-employed, as Table 2 highlights. The law introduced what in Italian debates is usually labelled "quota system" which allows for some flexibility in the combination of the two qualifying conditions – minimum age and contribution years. It is perhaps interesting to note that the crucial difference between the 2004 and the subsequent 2007 law refers to the phasing-in period, while the target to be reached in 2013 is largely similar to the one originally envisaged by law 243/2004. The above rules do not apply for workers falling into the category of so called lavori usuranti (hard and stressful jobs): the latter are allowed to retire with a minimum age requirement 3 years lower than the official one, but in any case not before they are 57.

Table 1: Phasing in of early pension requirements for private and public employees according to L.247/2007.

Year	**Contribution years**	**Minimum retirement age**
Jan. 2008 - June2009	35	58
July 2009 - Dec.2010	35 or 36	60 59
Jan. 2011- Dec. 2012	35 or 36	61 60
From Jan. 2013	35 or 36	62 61

Source: Inps – http://www.inps.it.

Table 2: Phasing in of early pension requirements for the self-employed, according to L.247/2007.

Year	Contribution years + Minimum age	Minimum retirement age
Jan. 2008 – Dec.2008	-	58
Jan. 2009 – June 2009	-	59
July 2009 – Dec.2009	96	60
2010	96	60
2011	97	61
2012	97	61
From 2013	98	62

Source: Inps – http://www.inps.it.

Having shed light on the basic features of current pension legislation, we can move to some statistical information on the pension system. Whereas for strictly financial aspects one can find detailed data referring to 2008 in the annual Report by the Special expert committee in charge of evaluating social insurance expenditure (*Nucleo di valutazione della spesa previdenziale*), the latest most comprehensive overviews of pension beneficiaries are still the ISTAT - INPS Report issued in March 2009 and the CENSIS annual Reports for 2007 and 2008. We shall start from this latter documentation and then move to more updated budgetary issues.

Table 3: Expenditure and total number of pension benefits by type of pension (absolute and percentage values), 2007.

	Number of pension benefits	%	Millions of EUR	%	Average pension benefit EUR
Old age	11,9000,370	50.2%	162,156	69.6%	13,626
Invalidity	1,825,808	7.7%	12,781	5.5%	7,000
Survivors	4,915,432	20.7%	35,321	15.2%	7,185
Disability allowance*	976,679	4.1%	4,256	1.8%	4,357
Non-contributory pensions	4,102,489	17.3%	18,461	7.9%	4,500
Total	23,720,778	100%	232,976	100%	9,821

** temporary allowance for work injuries or compensation for permanent disability*
Source: ISTAT, Trattamenti pensionistici e beneficiari al 31 dicembre 2007, March 17, 2009, Table no.1, p.2
http://www.istat.it/salastampa/comunicati/non_calendario/20090317_00/testointegrale20090317.pdf.

As Table 3 shows, in December 2007 the total number of pension benefits was as high as 23,720,778 and pension spending amounted to EUR 232,976 million. Considering the same person can receive more than one benefit, the number of pensioners is considerably lower compared to the number of pension benefits but remains extremely high: at the end of 2007, the total number of pensioners was 16,771,604 out of a total population of 59,619,290.

Notably, in the case of Italy the social protection system is biased towards pensions[2] and the evidence confirms a long-term trend in the distribution of social spending. Especially considering EU common objectives, the following aspects need to be further analysed: a) distribution of pension benefits and spending by type of pension; b) territorial unbalances in pension spending; c) age distribution of beneficiaries; d) gender profile of the pension system e) the proportion of minimum pensions.

By starting with point a), it is noteworthy that invalidity benefits, which used to represent a major anomaly of the Italian pension system, in 2007 only accounted for 7.7% of total pension benefits, with a further decrease compared to the previous year's level of 8.3%. In recent years, seniority – rather than disability - benefits have provided the path out of employment before the legal retirement age. Indeed, the distribution of pension beneficiaries by age group shows that as many as 27.1% of pensioners are in the age bracket 40-64[3]; and in fact the proportion of older workers is among the lowest in the EU. Unfortunately the ISTAT-INPS report under consideration does not single out early retirement benefits, but one can refer to the CENSIS annual report[4] which also includes an extremely interesting break-down by geographical area. The evidence presented by CENSIS shows first of all that in 2007 the total number of early pension benefits for the Private Employees Pension Fund (which is the largest of the entire system) was 1,886,697 as compared to 3,715,947 old age pensions. But the territorial distribution of recipients appears even more remarkable: 44.9% of beneficiaries were from the North-West, 22.4% from the North-East, while the remaining 15.1 and 17.7 were from Central and Southern Regions respectively[5].

Considering the Italian pension system primarily reflects an occupational logic, it is not surprising that early retirement benefits – which on average are also more generous – tended to concentrate in the more industrialised areas of the country. Quite the contrary holds true for non-contributory pensions. In this case Southern regions are disproportionately over-represented. In detail, whereas beneficiaries of public assistance pensions only represented 14.7 and 20.9% of pensioners in Northern and Central Regions, in the South the corresponding figure was 28.4%.

The above information documents that the Italian system produces a number of inequitable outcomes; to complete the picture, I now turn to the distribution of pensioners by benefit level. The distribution takes into account total pension incomes - irrespective of whether the beneficiaries receive a single pension or cumulate more than one benefit. The evidence in Table 4 suggests at least two different considerations. On the one hand, despite the considerable amount of resources funnelled to the pension system, in 2007 one out of five pensioners received less than EUR 500 per month- a benefit which can hardly be considered adequate. Under these circumstances, one can better understand why the issue of low pensions continued to be on the political agenda, as highlighted in section 2.1.2. On the other hand, by looking at the distribution of pensions from a gender perspective, it is hard to ignore inequalities between men and women: whereas 28% of female pensioners are in the lowest income bracket, compared to 15.6% of male pensioners, only 6.9% received a pension benefit of more than EUR 2,000 against 18.5% of male pensioners. This very uneven distribution

2 Precisely taking this fact into consideration I entitled my contribution to *International Social Policy* (P. Alcock and G. Graig,eds., Palgrave, 2009): "Italy: Still a Pension State?".

3 49% of pension beneficiaries are in the age group 65-79; 20.4% are 80 years and over, while the remaining 3.6% are under 40 years of age and are mainly recipients of survivor pensions or of compensations for work injuries and permanent disability.

4 The 2008 annual report does not cover this particular topic; hence, I refer to the 2007 report which provides data for January rather December 2007, as in the case of the ISTAT-INPS report.

5 Cfr. *41° Rapporto Censis* (2007), table no..44 on page 334.

between males and females clearly reflects the "male breadwinner model" which characterised the twentieth century development of Continental and Southern Welfare States.

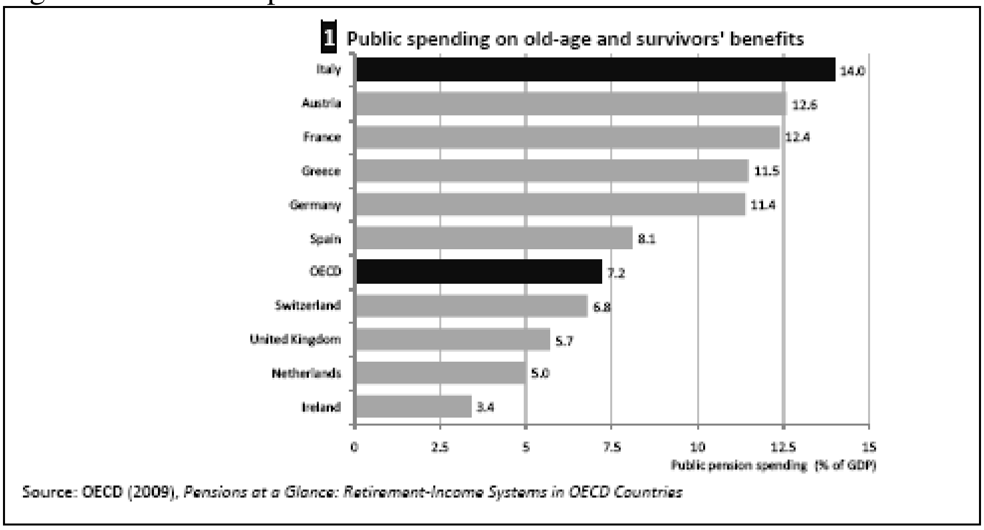
Table 4: Pensioners by monthly pension income and sex (percentage distribution). Year 2007.

	Men	Women	Men + Women
Up to 499.99	15.6%	28.0%	22.2%
500.00-999.99	24.7%	32.5%	28.8%
1,000.00-1,499.99	24.3%	23.0%	23.6%
1,500.00-1,999.99	17.0%	9.7%	13.1%
2,000.00 - +	18.5%	6.9%	12.4%
Total	100%	100%	100%

Source: ISTAT, *Trattamenti pensionistici e beneficiari al 31 dicembre 2007,* March 17, 2009, Table no. 8, p. 9. http://www.istat.it/salastampa/comunicati/non_calendario/20090317_00/testointegrale20090317.pdf.

By turning to the overall economic and financial implications of the Italian pension system, one can refer - as a starting point - to the already mentioned OECD "Pensions at a Glance 2009" which allows to compare Italy with other highly advanced industrialised countries. The message conveyed by the Report is clear-cut: "Public spending on old-age and survivors' benefits has been the highest of OECD countries for some time. Pensions also account for the largest share of total public spending in OECD countries, with pensions taking nearly 30% of the budget, compared with an OECD average of 16% […] The cost of paying these pensions is clear in that revenues from pension contributions are the highest of OECD countries in Italy, at 9.4% of national income." Figure 1 – from the Report under consideration - provides further information to place Italy in a comparative perspective.

Figure 1: Pension expenditure as a share of GDP in OECD countries.



However, since OECD Pensions at a Glance 2009 actually refers to 2005 data, for an updated overview one needs to consider national sources, starting with the annual Report on the Country's Economic Profile (*Relazione generale sulla situazione economica del paese*). According to the latest edition - which the Ministry for the Economy and Finance released in July 2009 - pension spending totalled EUR 224,861 million in 2008. This represented 14.3% of GDP and 58.2% of total public social spending as compared to a corresponding figure of 59% in 2007. But there is another official source which is even more detailed: the annual report by the expert committee (established by the above Ministry) for the evaluation of social insurance spending (*Nucleo di valutazione della spesa previdenziale*). The latest issue – released in November 2009 – is a mine of information but given space limitations I shall just highlight a few major points. But there is a preliminary consideration to be made: the report only considers contributory pensions; hence, it does not cover public assistance pension schemes which are usually included in ISTAT and also Eurostat pension expenditure[6]; there also some discrepancies with the operational definition used in the abovementioned annual report on the Country's Economic Profile.

The evidence presented by the expert committee fully endorses the view that - following the 1995 reform - pension spending slowed down considerably[7]; to the point that in the concluding remarks one can read the following: "apart from ordinary system maintenance measures, the time of great reforms is over; as far as the legislative framework is concerned our country can be considered one of the most innovative with respect to its capacity to control spending for both first and second pillar pension benefits" (p.29) Yet, if one moves from aggregate figures to the break-down by occupational category some problems emerge. Table 5 – which reproduces the evidence contained in Table 1 of the Report by focussing only on the two most recent years – provides all the relevant information.

As one can notice, without considering the state contribution from the general budget (more precisely GIAS- *Gestione integrazioni assistenziali* which is connected to a variety of derogations from the social insurance logic such as early retirement concessions and top-ups granted over time to minimum contributory pensions), retirement schemes witnessed a deficit of only about EUR 2 billion over a total of EUR 185 billion. Yet, by taking a closer look at the figures, one can immediately notice that in the case of public sector employees there is a negative balance of over EUR 11 billion which corresponds to around 20% of total spending. As the Report acknowledges "without the positive balance concerning the funds for atypical workers and professionals which amounts to EUR 8.7 billion, in 2008 the overall deficit of the pension system would rise to over EUR 10 billion" (p. 13).

[6] In annex B – pages 43-45 – one can find a useful illustration of the different definitions of pension expenditure used by the major relevant institutions and research bodies.

[7] Among others, the Report underlines that revenues from contributions increased percentage-wise more than pension spending for three years on arrow, thereby helping to improve the overall pension balance.

Table 5: Contributions and pension benefits by occupational category 2007-2008 and state assistance integration (absolute values in million EUR).

	2007	2008
Private Sector Employees		
- contributions	102,908	111,089
- benefits	102,837	106,784
-balance	71	-4,305
Public Sector Employees		
- contributions	38.611	41,713
-benefits	50,636	53,079
- balance	-12,026	-11,366
Self-Employed		
- contributions	16,917	17,469
-benefits	20,092	21,003
- balance	-3176	-3,535
Professionals		
- contributions	5,012	5,305
-benefits	2,719	2,870
- balance	2,293	2,435
Clergymen		
- contributions	31	31
-benefits	93	96
- balance	-62	-66
Atypical workers		
- contributions	6,215	6,570
-benefits	174	235
- balance	6,041	6,334
Others		
- contributions	831	837
-benefits	989	984
- balance	-157	-147
Total		
- contributions	170,525	183,014
-benefits	177,540	185,052
- balance	-7,015	-2,038
GIAS*	31,766	32,615
Total Pension Expenditure	209,306	217,667
Pension Expenditure as % of GDP		
Including GIAS	13.55	13.84
Excluding GIAS	11.49	11.77

Source: Ministero del Lavoro, della Salute e delle Politiche Sociali, Nucleo di Valutazione della Spesa Previdenziale, "Gli andamenti finanziari del sistema pensionistico obbligatorio", November 2009, Rome, p. 32.
**Integration by the public budget of a public assistance nature, connected to specific measures introduced over time such as early retirement concessions and top-ups to minimum contributory pensions.*

2.1.2 Changes affecting the pension system

The most important change affecting the pension system was introduced by law 3 August 2009 no. 102 – which, at least according to its title, was supposed to contain measures against the crisis, and the extension of Italian international missions. In fact, the law provides new regulations on a variety of policy issues; particularly in this case the provisions have nothing to do with the crisis and are instead a reaction, albeit reluctant (see section 2.1.4), to a decision by the ECJ concerning female retirement age in the public sector. In order to place the new regulations into perspective, some background information is in order.

In 2005, the Commission initiated an infringement procedure against Italy. The Commission claimed that, by keeping different retirement ages for men and women in the public sector, Italy failed to fulfil its obligations under Article 141 EC. In the Commission's view, the pension scheme managed by INPDAP (the national social insurance fund for public sector employees)[8] is a discriminatory occupational scheme. ECJ judgement C-47/07 of 13 November 2008 fully endorsed the Commission's claim, and thereby required that Italy amends the relevant legislation. The Court case only referred to retirement schemes in the public sector which fall under the regulations of directive 86/376/CEE as amended by directive 96/97CE, and article 141 EC, while directive 79/7/CEE applies to statutory pensions in the private sector. The crucial point is the following: whereas directive 79/7/CEE allows for some exceptions concerning conformity to equal treatment principles by "statutory" pension regimes, this does not hold for public sector schemes. Given that pensions are directly paid by the employer, they are equalised under all respects to direct payments and therefore have to fully conform to the equal pay principle. Leaving juridical technicalities aside, the fact is that the Court's judgement opened a Pandora's box. Conflicting views emerged within the majority as well as within the opposition (see section 2.1.4), but the government's final position was to limit legislative adjustments concerning retirement age to the public sector, and not to use this opportunity to extend the new rules also to the private sector.

In detail, according to article no. 22*ter* in the 2009 law no.102, starting in 2010 female retirement age in the public sector goes up to 61; the threshold will further move up by one year every two years, with the aim of equalising male and female retirement age by 2018. According to calculations by the Economy Ministry in the "2009 Mid and Long-term Trends in the Pension, Social and Health care systems" (*Tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario*) this will allow only for minor savings at the beginning which will progressively increase, resulting in a decrease of 0.1 percentage points in the ratio of pension spending to GDP from 2017 to 2035[9]. The savings are earmarked for long-term care services (see section 2.3) within a special fund for economic recovery measures which is increased by EUR 120 million in 2010 and by EUR 242 million, starting in 2011.

Law no.102/2009 also envisages a general increase in the legal retirement age which is, however postponed to 2015. According to the relevant provision (paragraph 2 in article 22-ter), retirement age should adjust to changes occurring in life expectancy over the previous five-year period, but the relevant increase should not exceed three months when the new regulations are phased-in in 2015. Even more interestingly, the law clearly states that unless the relevant implementation decree is not passed before December 2014, the new mechanism

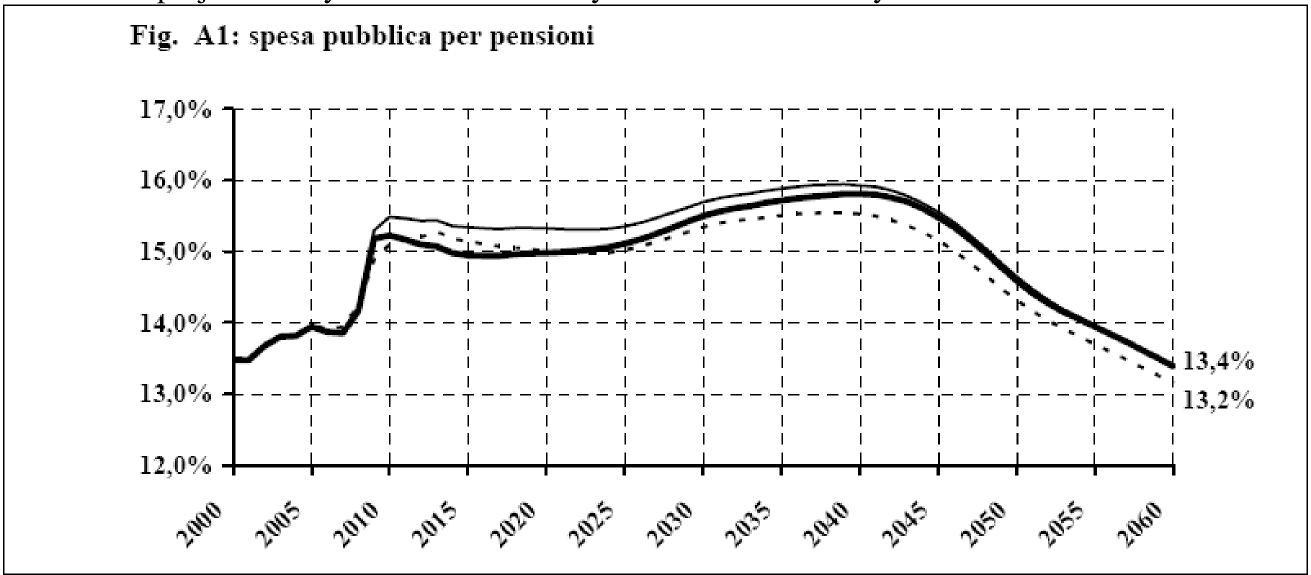
8 For updated statistical information on public sector pension benefits and their distribution by category of public employees, by effective retirement age, sex, level of the benefit etc, see INPDAP *Trattamenti pensionistici dei pubblici dipendenti – Analisi statistico-finanziaria- anno2008.*

9 Ministero dell'Economia e delle Finanze, Ragioneria Generale dello Stato, *Tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario- aggiornamento 2009,* page 50.

is not operational!! As a result, the financial consequences of this particular provision are not included in the mid and long-term pension expenditure trends which the Economy Ministry presented in the abovementioned Report with reference to legislation currently in force[10].

Although introduced by stealth, the new “transformation coefficients” - which will be used from 2010 onwards in the formula for defined contribution pension arrangements – certainly have a more significant impact on future developments of the pension system – both with respect to benefit levels and overall spending. The aim of the coefficients is to insulate the pension system from increasing life expectancy, by reducing benefits automatically as life expectancy increases. According to the original provisions in the 1995 pension reform, the coefficients should have been reviewed after the first ten years of operation of the new rules. However, due to political controversy the process was substantially slowed down. Law 247/2007 modified the original regulations and the new coefficients have been effectively introduced starting from 2010. From now on, however, the coefficients will be revised automatically, through a mere administrative procedure. Obviously, this will have no immediate effect on pension spending, since until 2015 approximately the pensions paid out will all still be earnings-related.

Figure 2: Mid and long-term pension expenditure trends according to 2008 and 2009 projections by the Italian Economy and Finance Ministry.



Source: Ministero dell’Economia e delle Finanze, Ragioneria Generale dello Stato, Tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario- aggiornamento 2009, p. XVI.

Base line scenario 2009 update

Base line scenario 2008 update

Base line scenario: DPEF 2010-2013

Figure 2 presents the latest projections for pension expenditure produced by the Economy and Finance Ministry. As one can see, in just over one year the figures changed three times, especially because short-term GDP growth estimates were repeatedly corrected. One should also notice that pension expenditure as a proportion of GDP is considerably higher compared to the data presented in Table 5: that is because public assistance pensions – wich represented 1.45% of GDP in 2008[11] – are also included in this case.

10 This point is also clearly spelled out on page 50 of the document cited in the previous footnote.

11 See Ministero del Lavoro, della Salute e delle Politiche Sociali, Nucleo di Valutazione della Spesa Previdenziale, “Gli andamenti finanziari del sistema pensionistico obbligatorio”, November 2009, Rome, box 2 on page 26.

In order to complete the overview of recent developments in the pension field, one also needs to consider the measures which the Government introduced in favour of low income pensioners. As one might recall, in July 2008 the government launched a rather controversial measure aimed at addressing severe poverty, especially among pensioners. In detail, the Berlusconi government envisaged the distribution of a pre-paid electronic card to an estimated total of 1,300,000 low-income pensioners and of 300,000 families below the poverty-line with a child under 3 years of age. Recipients of the she so-called "social card" – this is how it was immediately labelled in public debates – could spend up to EUR 40 per month for paying electricity and gas bills or for buying groceries in department stores under contract. The first cards were distributed in October 2008 but their validity was originally supposed to end in December 2009. Although the overall cost was relatively negligible, given its visibility and high symbolic impact the measure triggered considerable public debate. Workers' trade unions, pensioners' associations and opposition parties contested "the social card" because of its alleged stigmatising effects. Among others, opponents denounced that many card recipients were faced with an embarrassing situation when attempting to use the card at department stores: often they only found out at the cashiers' desk that the card was empty – either because of administrative delay or because they did not meet the stringent requirements which were only controlled after the card had already been distributed.

Just before expiring the measure was reconfirmed for 2010 by an inter-ministerial decree which appeared in the Official Gazette of 28 December 2009. Some adjustments were introduced with respect to the original regulation. The monthly allocation remains the same - that is EUR 40 per month – but beneficiaries using natural gas for heating or hot water can count on an additional EUR 20 which is directly financed by the Energy Utility Company ENI (up to exhaustion of the EUR 200 million allocated for this purpose). Regional governments and municipal authorities can top-up the electronic card, and in fact some have already done so, for instance Friuli Venezia Giulia and the city of Alessandria. The income threshold has been slightly increased: for pensioners in the age group 65-69 the threshold is EUR 6,235.35 while for pensioners over 70 years of age income should not exceed EUR 8,130.80. To be eligible one also has to prove that he/she only owns the house he/she is living in and no more than one car, that total bank savings do not exceed EUR 15,000 and that the relevant household fully conforms to the economic requirements in the means-test for public assistance benefits ISEE. The extension of the measure for 2010 will benefit especially retired people relying on a non contributory pension. According to official government documents, retired people receiving a public assistance pension will be able to count on a monthly income of EUR 640 (including the social card allocation) plus year-end bonus of EUR 600.

2.1.3 Recent developments in supplementary pensions

The second pillar in the Italian pension system is still in its infancy, both with respect to coverage levels and to the amount of resources which the sector manages to attract and invest. Notably, although the original legislation dates back to the early nineties, it was only legislative decree 252/2005 which bolstered up supplementary pension schemes by allowing private employees to transfer their severance pay (TFR) to the relevant funds and by encouraging the process through the "silent-consent" mechanism. The new rules were phased-in in 2007; as a result, during that year the total membership of private pension funds increased by over 1.5 million workers, thereby reaching a total of 4,560,091 members. The increase was far below expectations and subsequent developments in 2008 show that the Italian context is still not so favourable to the development of second pillar pensions. Table 6 fully supports this conclusion, by presenting the membership data included in the latest Annual Report by COVIP (which is the Authority in charge of monitoring and controlling private pension funds). The report was issued in June 2009 and refers to data at the end of 2008. The evidence shows that at that point in time pension funds had a membership of 4,854,000 workers which corresponds to an increase of just over 7% compared to the previous year. Provisional data for 2009 confirm the slowdown, by showing a membership increase of only 4.7%[12] with respect to December 2008. Obviously, the international financial and economic crisis did not help but it would be misleading to only focus on exogenous factors.

Table 6: Members of supplementary pensions by occupational category, absolute and percentage values – December 2008.

	Members of supplementary funded pensions	**Total number of workers**	**Members as a share of the corresponding occupational categories**
Private Sector Employees	3,0603,000	13,873,000	26.0
Public Sector Employees	137,000	3,573,000	3.8
Self-Employed	1,114,000	5,959,000	18.7
Total	4,854,000	23,405,000	20.7

Source: COVIP, "Relazione annuale 2008", Rome, June 2009, p.28.

As one can notice from the table, occupational pensions are mostly spread among private employees, while they are still considerably under-developed for the self-employed and absolutely marginal in the public sector. To have a more accurate profile of workers subscribing to a private pension scheme, it is most interesting to consider also available statistical information concerning age, gender and territorial distribution of pension fund members. As for the first indicator, members are mostly concentrated in the age group 35-54; the younger cohorts, instead, are strongly under-represented: workers up to 35 years of age only represent 23% of total membership while their share of total employment corresponds to 34%. The gender distribution is also very unbalanced with male workers representing as much as 67% of total membership. Thirdly, take-up rates reflect the entrenched socio-economic gap between the North and the South of the country with an over-representation of Northern and an under-representation of Southern Regions.

Yet, to fully understand the development of the second pillar system, one needs to take into account a further element. In fact, though coverage of negotiated "closed" pension funds is almost universal for private employees, take up rates are high only in those sectors characterised by medium-to-big size firms and/or where unions are strong. By contrast take-up rates are low in those economic sectors characterised by a great number of micro/small enterprises and/or weak unions – i.e. commerce and services, tourism, food, textile. By taking into consideration all the elements provided so far, one can better understand the following comment which the COVIP President Antonio Finocchiaro made during a Parliamentary hearing held in January 2010: "Take-up rates have been higher among workers who - precisely because of better salaries and more stable occupational paths - will in fact receive higher benefits when they retire. In a certain way, one could maintain that supplementary pensions have spread more widely among those who need them less stringently"[13].

The Labour Minister Maurizio Sacconi shared a similar preoccupation in his comments to the 2009 Annual COVIP Report, by repeatedly stating that especially the younger generations are not fully aware of their actual entitlements in the first pillar system and of the consequent

[12] According to COVIP provisional data, the total number of workers belonging to funded pension schemes was 5,081,230.

[13] COVIP, Audizione del Presidente della COVIP, Antonio Finocchiaro, "Indagine conoscitiva sull'andamento e la gestione dei fondi pensione", Rome, 26 January 2010, retrieved from http://www.covip.it/documenti/PDF/Altro/Audizione_Camera_26_%20gennaio_2010.pdf, page 2.

level of their future pension benefits.[14] This "lack of awareness" required - in his words - a consistent effort aimed at upgrading people's knowledge of social security matters. The arguments which the Minister developed with reference to this particular issue perfectly reflect the overall message conveyed by The Government's "White Paper on Welfare", namely that the current balance between State, market and family should be shifted in favour of more market and family, and less state. But precisely because in his view private funds are supposed to play an increasingly important role in the overall pension system, the Minister also emphasised the need to correct a variety of aspects concerning the current structure of the second pillar system and its inherent limitations. As Table 7 highlights, the system displays a high level of fragmentation with an average size of the funds well below 20,000 members - which according to the Minister is usually considered the minimum threshold to guarantee a sound and viable economic management[15]. In fact, as many as 50% of the Funds have less than 2,000 members, and although some mergers have taken place the process appears only at the initial stage. Within this context, the Minister called for consolidation and concentration of existing funds in order achieve economies of scale and therefore lower comparatively higher operating costs. However, he also acknowledged that this might conflict with the logic underpinning the current system and the organisational interests of the major stakeholders. As well-known, the greatest development in this area recently occurred through so-called "closed funds" which are the result of negotiations between the social partners and not strictly of a market logic.

Given space limitations, it is impossible to cover all relevant aspects of Italian private pension funds; but especially considering the implications of the international crisis, a few words are in order concerning economic returns. First, it is best to recall that the overall amount of resources allocated to second pillar pension funds is considerably lower compared to mature systems: according to the abovementioned COVIP Report total allocations amounted to EUR 61 billion which corresponds to 3.4% of GDP and 1.8% of families' financial wealth. Second, whereas in most OECD countries 2008 witnessed in this field negative returns of around 20% or more, in the case of Italy the situation was less alarming: "closed" funds lost about 6% and "open" funds – with a larger stock component in their investments – lost about 14%.

[14] COVIP, "Relazione annuale COVIP 2008. Intervento del Ministro del Lavoro, della Salute e delle Politiche Sociali, Maurizio Sacconi", Rome, 18 June 2009 retrieved from: http://www.covip.it/documenti/RelazioniAnnuali/Intervento%20Ministro_Relazione%20Annuale%20COVIP%202009.pdf.

[15] Idem, page 6.

Table 7: Membership of supplementary pension funds by type of fund and professional status.

	Number of Funds	Private Sector Employees	Public Sector Employees	Self-Employed	Total
Closed funds - (CPF)	41	1,907,802	132,247	3,460	2,043,509
Open Funds (OPF)	81	381,377		416,630	798,007
Pre-existing Funds (PEF)	411	648,246	4,438	24,769	677,453
Individual pension plans based on life-insurance contracts: ("new"PIP)	75	425,625		276,194	701,819
Individual pension plans not abiding by leg. Decree 252/2005: ("old" PIP)		251,392		422,940	674,332
Total	608	3,602,602	136,685	1,114,318	4,853,605

Source: COVIP, "Relazione annuale 2008", Rome, June 2009, p.29.

2.1.4 The public and the academic debate on pensions

Over the last year, media coverage of pension issues was erratic – to say the least. From time to time pension issues surfaced only to fall back in the shadow shortly after. This seems to reflect the fact that for the majority of relevant stakeholders pensions remain currently a taboo and newspapers end up talking about them only when a provocation comes from an important political figure – as the Minister for Public Administration Renato Brunetta - or from prominent academics – as Tito Boeri or Francesco Giavazzi.

The first occasion for newspapers interest in pensions was offered by the controversy which aroused between different Cabinet members on how to react to the ECJ decision of November 2008 on female retirement age in the public sector. The Minister for Public Administration Renato Brunetta suggested to grasp the opportunity offered by this external constraint to extend the increase in retirement age also to the private sector. As a reaction, the Labour Minister Sacconi defined the colleague's proposal "unfair and paradoxical", adding that - since men tended to retire earlier by resorting to seniority benefits - the imbalance between men and women was in fact less dramatic than suggested by exclusively referring to legal retirement age. The Labour Minister was backed by a quite heterogeneous coalition which comprised the Northern League along with the major workers' trade union CGIL. In the words of the CGIL leader Guglielmo Epifani: "with so many jobs at risk it appears bizarre to open a discussion on increasing female retirement age." On the academic front, the economist Agar Brugiavini[16] suggested an alternative solution, namely to re-introduce for both sexes flexible retirement by moving up however the age range to 61-67 compared to 57-67 – originally introduced by the 1995 reform and subsequently cancelled by the 2007 law. The issue was at last settled in the context of the anti-crisis law no. 102 of August 2009, by limiting the age increase to the public sector[17]. A positive comment came from the leading Italian Welfare expert Maurizio Ferrera with respect to the particular provision concerning the

[16] Agar Brugiavini "Un anno di governo: pensioni", http:// www.lavoce.info.

[17] The unusual convergence we have referred might explain why there was no workers' mobilisation against this particular legislative provision.

funnelling of savings to long-term care services. According to the political scientist,[18] this represented a rare case of welfare "recalibration" in which "subtractive" policies in the pension field were matched with positive action in favour of new social risks.

Law 102/2009 offered a further occasion for public debate. The Bocconi economist Tito Boeri[19], in commenting the general retirement age increase introduced by another paragraph (see again section 2.1.2), openly stated that the new regulations could not be considered a reform since "as usual, they postponed the actual implementation to posterity" Instead of delaying the age increase to 2015 - when the current executive would no longer be in office, the government should have taken the opportunity to immediately phase in contribution defined pension schemes for all workers.

Minister Brunetta triggered a new wave of front-page articles in January 2010 by provocatively suggesting to give EUR 500 per months to young people to be financed by cuts in seniority benefits. "Enough with pitch invasions" was the immediate reaction by the Economy Minister Tremonti, fully backed by the leader of the Northern League Umberto Bossi, who bluntly stated: "seniority pensions mainly concern workers from the North and no one can touch them." The dispute between the two Ministers was quickly dampened down by the Prime Minister himself in the fear that this might become a dangerous argument in the up-coming regional electoral campaign of March 2010. As reported by the main Italian press agency ANSA, following the ECOFIN meeting of 16 February 2010, the Economy Minister Tremonti came back to the point by saying that "in Europe many have problems with their pensions but this is not the case for Italy. The country has already reformed its system". Along similar lines, the Labour Minister Sacconi has repeatedly maintained that " the financial sustainability of the Italian pension system is the best or one of the best in Europe." But it is short-sighted to conclude that the issue has been put on the back burner; especially since the above statement by Tremonti was in fact an indirect answer to the alarm for the growing financial burden of pensions which Berlusconi himself launched on the press on 12 February 2010, shortly before that same ECOFIN meeting.

2.2 Health

2.2.1 Striking a balance between financial sustainability and quality of health care

Over thirty years after the establishment of the Italian National Health Service, the North-South divide remains practically intact. Despite the recurrent commitment to redress regional disparities in health care with respect to both the quantity and the quality of the services being provided, the gap between the two parts of the country is not narrowing. Although the issue has been extensively discussed in academic and political circles for a long time, during 2009 it acquired unprecedented media attention in connection with the ongoing political debate on fiscal federalism, and because of major political scandals in a number of regional health systems. Moreover, during the recent 2010 Regional elections, on several occasions the President of the Senate Commission on the NHS[20] Ignazio Marino made the point very strongly. Senator Marino, a leading figure of the major opposition party – The Democratic Party – anticipated the results of a comprehensive review carried out on behalf of the Commission, by focussing on just a few revealing indicators: a) hospitalisation rates; b) inpatient discharges from surgical wards with medical DRGs; c) caesareans as a share of total

18 "Corriere della Sera" 23 July 2009.

19 See his contribution on the website http://www.lavoce.info on 16 July 2009.

20 In October 2008, the Senate set up this special Commission to investigate inappropriate functioning of regional health systems.

births; d) surgery within two days from a femur fracture; e) coverage of breast cancer screening. As Senator Marino highlighted, hospitalisation rates range from 169 per 1000 inhabitants in Emilia Romagna to as much as 235 in the case of Sicily. Turning to the second indicator - which measures inappropriate use of expensive surgical wards – he emphasised that while Emilia and Lombardy display a figure of 17% and 22% respectively, the corresponding value for Campania is as high as 45%. The third indicators which he referred to points to an even more dramatic variation in the quality of health care across the country. When considering the share of caesareans over total births, Italy generally fares much worse compared to all other highly industrialised countries, with an average of 37% caesareans in contrast, for instance, to 19% in France, 25% in Spain, 13% in the Netherlands. But if one looks at the breakdown by Region, the situation is even more worrying with Campania showing an incredible 62% of caesareans in contrast to 26% in Tuscany. Again a similar picture emerges by considering the fourth indicator: while in the Southern city of Catanzaro only 9% of patients with a fractured femur received surgical treatment within 48 hours from the event, the corresponding figure is 83% in Bolzano. The last indicator which Senator Marino takes into consideration and which addresses preventive health care measures confirms even further the gap existing between the North and the South of the country. Available data show that the percentage of women aged 50-69 that were screened using mammography varies from 72% in Emilia Romagna to only 39% in the case of Sicily.

Section 2.2.3 will address this issue in greater detail with particular reference to a very innovative measure which the Health Minister Ferruccio Fazio introduced in April 2010 - in order to enhance transparency of statistical data concerning the performance of regional health systems. In this section, my purpose is to shed light primarily on what was on the political agenda over the last year so as to place into perspective the very important policy measure which was introduced in the health sector, namely the 2010-2012 Health Pact between the Regions and the Central Government.

However, regional variation in the quality of health care only represents one face of the extensive public debate on the NHS which developed in Italy throughout 2009, the other face being the size of current health deficits and of total debt accumulated over recent years. As far as this policy area is concerned, this has been the major preoccupation which the Berlusconi Government voiced since its electoral victory in 2008. During the first year after the change in political majority from Centre-Left to Centre-Right, health deficits and health financing were the object of an overheated confrontation between the national and regional levels of government. Centre-regional relations moved from a substantial deadlock to a more constructive strategy only in the second part of 2009. But the issue was not confined to the policy making arena: after the Department of General Accounts released the relevant figures, regional health deficits also hit newspaper headlines. Table 8 documents that in the period 2003-2008 Regional governments accumulated a debt of overEUR 25 billion: yet, by looking at the figures for individual regions, one can immediately notice that three Regions – Latium, Campania and Sicily – account by themselves for 73% of total debt.

Table 8: Total Health care Debt by Region, 2003-2008.

REGIONS	TOTAL HEALTH DEBT
Piedmont	-744.590
Aosta Valley	-80.064
Lombardy	207.363
Autonomous Province of Bolzano	90.741
Autonomous Province of Trento	-41.525
Veneto	-90.714
Friuli Venezia Giulia	121.309
Liguria	-982.507
Emilia Romagna	-442.024
Tuscany	-274.094
Umbria	-123.565
The Marches	-257.568
Latium	-9.340.804
Abruzzo	-940.787
Molise	-454.686
Campania	-5.651.807
Abulia	-1.158.578
Basilicata	-158.592
Calabria	-538.519
Sicily	-3.416.358
Sardinia	-900.019
ITALY	-25.177.390

Source: Ministero dell'Economia e delle Finanz, "Relazione Unificata sull'Economia e la Finanza Pubblica 2009".

The evidence in Table 8 - which the major national financial newspaper "Il Sole 24 ore" also published on 22 March 2010, shows that the total deficit which regional governments accumulated last year was again about EUR 3.4 billion. In detail, while 8 Regions had a surplus, 13 Regions were still running a deficit: except for Liguria, all of them were in the Centre and the South. Actually, the figure would be substantially higher – i.e. EUR 4,164,156 - if one did not consider the extra regional resources (totalling EUR 755 million) which some Regions used to help balance their budget. In particular, to avoid running a deficit Piedmont and Emilia Romagna funnelled to the health sector (out of their own resources) 399 and EUR 155 million respectively. Veneto also allocated EUR 91 million but this was not enough to counterbalance its decision to reduce regional tax rates which normally contribute to cover about half of health expenditure[21]: as a result, this Region still shows a deficit of just over EUR 100 million. The reason for using their own resources and the similar commitment made by Basilicata and Apulia for 2010 is essentially to avoid being heavily sanctioned by the central government and to participate in the distribution of extra resources earmarked for regions with a balanced budget.

[21] Apulia instead ended up with a 282 million deficit because it expanded co-payment exemptions too much.

Table 9: Regional health deficits for 2009.

REGIONS	2009 DEFICIT
Piedmont	+17,124
Aosta Valley	-16,892
Lombardy	+29,590
Autonomous Province of Bolzano	+13,548
Autonomous Province of Trento	-8,662
Veneto	-101,521
Friuli Venezia Giulia	+9,227
Liguria	-97,710
Emilia Romagna	+40,853
Tuscany	+14,325
Umbria	+10,369
Marche	+17,542
Lazio	-1,374,463
Abruzzo	-31,890
Molise	-81,076
Campania	-725,568
Abulia	-282,335
Basilicata	-21,808
Calabria	-204,500
Sicily	-237,056
Sardinia	-225,675
ITALY	-3,409,156

Source: Ministero dell’Economia e delle Finanze, “Relazione Unificata sull'Economia e la Finanza Pubblica 2009”.

Although no one denies the highly negative implications of the abovementioned imbalances for public sector finances and for the prospects of the health sector, the central government and the Regions offer a quite different interpretation of this state of affairs. The current centre-right government has insisted all along that this is the result of mismanagement by regional governments; on the opposite front, while not dismissing the low regulating capacity and poor administrative performance of most Southern regional and local authorities, the Regions maintained that the State persistently under-resourced the NHS. But what are the facts? By providing statistical evidence on the evolution of total public health care expenditure and financing over the period 2000-2008, Table 10 - which is taken from the authoritative 2009 OASI report -clearly shows that throughout the period the health sector had to cope with a considerable discrepancy between financial allocations and the actual level of health spending. During the first part of the decade, the size of annual deficits was generally higher and oscillated quite significantly, while it progressively decreased from 2004 onwards but still remained over 3% in 2008.

Table 10: Public health expenditure and financing; deficit as a share of total financing; public and total health expenditure as a share of GDP. 2000-2008.

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Health expenditure	**70,173**	**77,686**	**79,549**	**82,290**	**91,222**	**96,797**	**99,615**	**103,610**	**106,650**
Total Public financing	**66,945**	**73,908**	**76,658**	**79,967**	**84,800**	**91,062**	**95,131**	**99,966**	**103,447**
Deficit as a share of total financing	**- 4.8%**	**- 5.1%**	**-3.8%**	**-2.9%**	**-7.6%**	**-6.3%**	**-4.7%**	**-3.6%**	**-3.1%**
Public Health expenditure as a share of GDP	**6.0%**	**6.2%**	**6.1%**	**6.2%**	**6.6%**	**6.8%**	**6.7%**	**6.7%**	**6.8%**
Public and Private expenditure as a share of GDP	**8.1%**	**8.1%**	**8.1%**	**8.1%**	**8.5%**	**8.7%**	**8.6%**	**8.5%**	**8.6%**

Source: OASI SSN 2009 Annual Report, p.100

Against this backdrop, one can better appreciate the contents of the Health Pact 2010-2012 which the central government and the Regions signed in December 2009. However, before commenting on this agreement, it is best to recall the overall distribution of responsibilities between the State and the Regions. In the light of the current legislative framework stemming from the 2001 Amendment to Section Five of the Italian Constitution, the interaction between the two levels of government is absolutely crucial. In detail, the State defines the total amount of resources to be allocated to the health sector, it monitors regional financial management and has sanctioning powers with respect to Regions running a deficit: this can lead – as envisaged by the Health Pact 2006-2008 - to both parts signing specific recovery plans with stringent obligations on the part of failing regions – a topical issue which already involved in 2008-2009 as many as six regions. Within this overall context, the Regions are responsible for planning, coordinating and providing health services in their territory; to this purpose they have ample room for organising the system independently and autonomously.

The main financing sources of regional health systems are: a) IRAP – a regional tax on all professional activities which covers from 40 to 50% of health spending; b) revenue-sharing with respect to VAT which is collected nationally and which accounts for about another 40%; c) regional top-ups to State income taxes; d) the special per-equating fund in favour of regions with lower fiscal capacity; e) co-payments for pharmaceuticals and diagnostic tests. Within this institutional arrangement, national health care standards (Livelli essenziali di assistenza - LEA) - which have been jointly defined by the State and the Regions in the previous Pact - are of paramount importance, particularly to redress current geographical disparities in access to care. In principle, public financing should be sufficient to allow for national health care standards to be effectively guaranteed across the country; however, the issue is controversial – to say the least. So far, calculations concerning the cost of providing the so-called LEA have not been directly linked to budgetary allocations, with the latter largely dependent on macro-economic priorities.

To illustrate the point, one can refer to the way in which the Berlusconi government addressed health financing issues during the first two years of activity. Once in office, the Executive confirmed the overall allocations envisaged for 2009 by the 2006-2008 Health Pact still in force but in the 2007 law no.133 it immediately made its intentions clear by reducing projected increases in health spending for 2010, 2011 and 2012. Along similar lines, the 2008-2010 NRP placed health care in section 3.2 on public finances within the chapter on macro-economic policy reforms and indicated in detail how much the cuts in projected health care spending were supposed to contribute to balancing the public budget by 2011. As indicated on page 24, over the period 2009-2013, the estimated 3.3% increase in health expenditure was reduced to 3%, starting in 2010 with a net saving of EUR 3 billion. Within this context, the renewal of the Health Pact was also repeatedly postponed: while according to law no. 133 of 6 August 2008 the New Pact was supposed to be signed by 31 October of that same year, nothing happened until August 2009 when the deadline was further postponed by law no. 102 of 3 August 2009 to the following 15th of October.

Under these circumstances, the results of the negotiations which at last the central government and the Regions resumed in the second part of 2009 appear extremely interesting and in many respects path-breaking. The Health Pact 2008-2010 – signed in December 2009 – appears as an attempt to strike a balance between financial sustainability and quality of health care. What characterises the agreement is precisely the linkage between these two crucial dimensions. As one can see from Table 11, the Regions obtained a considerable increase in the amount of resources on which they can count on for 2010-2012 compared to all previous government decisions on the matter, including the original government proposals for the 2010 budgetary law. Regional Governors – ranging from the Centre-Right Lombardy Governor Formigoni to the Centre-Left Emilia Romagna Governor Errani - repeatedly complained for the central government's under-estimation of health financing and for its attitude towards the Regions which usually resulted in unilateral decisions on the part of the Executive, particularly by the Finance Minister Giulio Tremonti.

Table 11: Resource allocation for the National Health Service according to previous legislation and according to the Health Pact 2010-2012.

	2010	**2011**	**2012**
Previous legislation	104.614	106.934	////
Health Pact	1.600	1.719	+2.8% of financing for 2011
Parcelling out of financing for the Religious Hospital Bambin Gesù	-50	-50	-50
	106.164	108.603	111.544

As the evidence in Table 11 documents, the overall increase for the three-year period is about EUR 6 billion[22]. And yet, one could hardly maintain that in the case of Italy health spending is running out of control. According to OECD Health data 2009, Italy ranks below the OECD average in terms of both total spending as a share of GDP and per capita health spending: more precisely, in 2007 total health spending accounted for 8.7% of GDP compared to the average of 8.9% in OECD countries, while per capita expenditure – adjusted for purchasing power parity – was about 2686 USD compared with an OECD average of 2964 USD. Further, "between 2000 and 2007 health spending per capita in Italy increased, in real terms, by 1.9% per year on average, a growth rate lower than the OECD average of 3.7 per year". However, considering that in Italy the public sector accounts for the largest share of health spending (76.5 in 2007 according to OECD data), one needs to focus especially on this component of total spending. The evidence in Table 10 shows that between 2004 and 2008 public health spending ranged from a minimum of 6.6% to a maximum of 6.8% of GDP. Although this appears only a moderate increase, the political debate has largely – if not totally – ignored comparative evidence, concentrating instead on the deficits accumulated by Southern regions in particular.

By taking into consideration all the above factors, one can better understand why the Regions claimed that the Health Pact reflected a regional victory. And yet, the agreement is not just about increasing available resources; it also aims at reforming the existing monitoring system in order to overcome the current split between financial monitoring and qualitative monitoring. So far the central government concentrated its attention on a variety of procedures aimed at keeping the strings of the purse as tight as possible. Resource allocation was subject to regional compliance with cumbersome procedures which often resulted in delayed financing even for virtuous Regions – with negative consequences on the management of regional health systems. The 2010-2012 Pact opens the way to a potentially different relationship between the State and the Regions by setting the two levels of government on a more equal footing. More precisely, the pact commits the Central and Regional levels of government to design a new set of indicators aimed at monitoring whether

[22] The Health Pact also envisaged an increase from EUR 23 to 24 billion in the long-term investment plan for health infrastructure, and increased by EUR 2 billion the amount of resources to be spent over the next two years. Within the context of the current economic crisis, all relevant stakeholders welcomed the decision as a very useful anti-cyclical measure.

and to what extent health care standards are effectively guaranteed across the country and links the new mechanism to resource allocation. As the title of this section suggests, the Pact moves away from an approach almost exclusively oriented towards budgetary control in favour of a more balanced combination of efficiency, adequacy and appropriateness. It remains to be seen whether the new system will be fully implemented, since the definition of a number of crucial aspects – such as the set of indicators to be taken into account – is postponed to a further agreement between the State and the Regions. The pact also introduces another criterion which might prove difficult to implement both from a technical and a political point of view: that is calculating the resources which are needed to guarantee minimum health care services on the basis of their average cost in Regions with a balanced budget. All in all, the results of the centre- regional negotiations seem to reflect the Regions' willingness to accept even more stringent controls as long as the national government fully acknowledges their resource needs to adequately and effectively provide health care services. This is clearly reflected in the provisions concerning the Regions with an unbalanced budget. The Tuscan Coordinator of Regional Health Ministers Enrico Rossi – who signed the Pact on behalf of the Regions – did not object to tighter regulations for failing Regions, precisely to strengthen a strategy which would increasingly link efficiency with quality.

Indeed, by turning to the provisions concerning Regions with failed books, one finds more stringent requirements and penalties. In case of non compliance with the commitments undertaken when signing a recovery plan with the national government, the Pact envisages the following sanctions: a) an automatic 30% increase in the regional surtax on state levied personal income taxes; an automatic 15% increase in the maximum ceiling of the regional professional tax IRAP; c) administration through a special Commissioner and firing of general managers in charge of health agencies, hospitals and regional health departments. According to calculations reported by the financial newspaper "Il Sole-24 Ore", the regional surtax to personal income taxes would amount to an average of EUR 56 per capita in the Regions under Government surveillance[23]. The Pact also envisages a reduction of hospital beds from 4.5 to 4 per 1,000 inhabitants (including 0.7 for long-term care): this corresponds to a cut of 9,812 beds, 95% of which are in the Southern part of the country where most of the failing Regions are located. During the transitional period the old economic and financial monitoring procedures will remain in place; hence, it is of paramount importance to keep an eye on the implementation phase in order to check when, how and to what extent the new rules will be effectively enforced.

Apart from the Health Pact, there is another policy measure which has to be mentioned for its importance in the strategy which the current government is pursuing and which is fully endorsed by the newly appointed Health Minister, Ferruccio Fazio. I am referring to the innovations introduced by a ministerial decree of 29 October 2009[24] to the regulations on complementary health insurance funds. The latter have never really taken off within the Italian context and the government intends to bolster their development in parallel with an envisaged lowering of national health care standards to be guaranteed by the public service. Not surprisingly, special emphasis is placed on strengthening the role of private funds in those areas that currently witness insufficient public provision. According to the new regulations,

[23] The Regions which have signed a recovery plan with the Central Government are: Liguria (March 2007), Sardinia (July 2007), Sicily (July 2007)and Calabria (December 2009). Four Regions received an even heavier sanction, namely their health systems have been subjected to special administration through a Commissioner (*commissariamento*): Latium (July 2008), Abruzzo (September 2008), Campania and Molise (July 2009).

[24] The decree was introduced before the parcelling out of health competences from the Ministry of Labour, Health and Social Policy; hence it was signed by Maurizio Sacconi. The decree under consideration is entitled: "Modifica al decreto 31 Marzo 2009 riguardante I fondi sanitari integrative del SSN".

insurance funds are required to earmark at least 20% of the resources which are allocated for covering clients' medical needs to the following three types of services: a) dental care services; b) rehabilitation in case of temporary disability; c) long-term care services including home help and domiciliary nursing services. In order to benefit from available tax allowances, the funds must prove that they are complying with the above requirement and must record all their details on a special Register to be established at the Health Ministry with the aim of monitoring the overall profile of insurance funds and checking whether they effectively represent an integration with respect to public services. These recent developments are in line with the new model outlined by the government's White Paper on welfare which aims at building "a multi-pillar system" especially in the case of social insurance schemes and health care (pages 40-41). As one can read on the document under consideration, in contrast to the previous approach, typical of Continental Europe – which allegedly reflected "absolute universalism" – the new model should be based on "selective universalism" which should go hand in hand with greater direct responsibility by sub-national levels of government in the financing of social protection.

2.2.2 The public debate on health care

Over the last year, media attention concerning health care mainly concentrated on three issues: a) the role of the private sector within the NHS; b) political versus technical control of health care management; c) the implications of pending legislation on fiscal federalism.

Starting with point a), one can notice that while the media usually paid attention to private interests in the health sector in connection with Court cases for bribery and corruption, an inquiry by the specialised journal "Altreconomia" dating back to January 2009 opened up a more comprehensive debate on "who is who" in the private health sector across the country and also on how health interests are intertwined with other economic interests and media ownership[25]. The initial article entitled "The seven sisters in private health" illustrated that private health is one of the fastest growing economic sectors which does not even suffer from the crisis, since its potential market is increasing, due to an ageing population and rising health care demands. As documented by the article – which builds on in depth analyses by the Bocconi centre for health studies CERGAS- Techint (a multinational corporation worth $ 28 billion which operates worldwide in various sectors including steel, system engineering and oil drilling technologies) is one of the leading groups in the Italian health business (through Humanitas). Apart from having hospitals in Lombardy, Piedmont and Sicily, members of the Rocca family – which own Techint – are also sitting on the Board of Rizzoli – "Corriere della Sera" – notably a major editorial group in Italy. Reading through the list, one then finds De Benedetti, one of the most prominent families in the post World-War II Italian economy. De Benedetti controls a holding which owns over 4,500 beds in private clinics and long-term care facilities under contract with the NHS. Morgan Stanley is also involved – a detail which suggests that in the international context the Italian health market is currently perceived as profitable. De Benedetti also owns the second most important newspaper in the country, namely "La Repubblica," along with the weekly magazine "L'espresso". Quite interestingly also the third major group in the health business – the Angelucci family at the head of Toninvest Italia, which has over 3,000 private hospital beds in Latium, Abruzzi and Apulia[26] – controls two national newspapers: the aggressive right-wing "Libero" and the moderate left-

[25] Among others, "Report"- a television broad-cast which has earned respect widely for its investigative journalism - dedicated a programme to the issue in a December 2009.

[26] Members of the group have been involved heavily in a number of health scandals in Abruzzi and Apulia, which led to various court cases and the removal of the Abruzzi Governor Del Turco.

wing “Il Riformista”. In other words, the health business penetrates the whole spectrum of public opinion.

Given, on the one hand, the considerable and growing share of public resources which are funnelled to private clinics and long-term care facilities, and, on the other hand, the increasing limitations which recent national regulations have set on public hospitals, the risks of the abovementioned intertwining of interests become concrete. To make the argument more explicit: what is the real purpose underpinning accusations of public health care mismanagement in certain Regions, when these accusations are put forward by leading national media whose owners might have an interest in expanding their market to other geographical areas? In fact, as many articles on the press have pointed out, the issue is not confined to regions with poor public management. As the secretary general of the major hospital doctors’ association ANAAO recently highlighted, there is a connection between tightened rules in the public sector and growing opportunities for the private sector[27]. In detail, regulations which have been introduced especially over the last two years to reduce the size of public administration envisaged early retirement also for medical professionals. This is causing a haemorrhage of highly qualified medical staff from public hospitals but those who are forced to retire at 60 or even 58 years can easily be hired by private clinics, especially since a 2008 government measure now allows to fully cumulate pension benefits and income from work. The above regulation on early retirement in the health sector has been heavily contested also by Regions with a centre-right majority – as the one in office at the national level. As reported by the media, the Northern League Regional Health Minister of Veneto, for instance, claimed that this legislative measure – usually labelled as “decreto Brunetta” – was causing a shortage of 1,000 doctors in the hospital wards of his own region, which added on to an already dramatic shortage of 2,000 trained nurses. Actually, in less than two years since its original introduction, the provision has been modified four times causing a whirl of legal controversies.

Political versus technical control of health care management represents the second topic which has attracted media attention. Actually, one can include under this heading two quite different strands of debate: one focussing on appointment procedures for health district and hospital general managers; and the other focussing on the rules concerning regional administration through a special commissioner. This represents the heaviest sanction for regional governments running a deficit – to be used only when a region does not comply with the commitments it has taken on, when signing a recovery plan with the central government. With respect to this latter issue, various scholars[28] have contested the decision which both the previous and the current Health Pact endorse – to appoint the very President of the Region as special commissioner. The authors argue that it is paradoxical to appoint precisely the person who is responsible for causing the problem in the first place as special commissioner. Apart from favouring the appointment of a technical figure, the relevant articles suggest alternative sanctions as cutting electoral reimbursements to the parties supporting the regional government which is responsible for the mismanagement. As for the public debate on appointment procedures for health district and hospital general managers, the media focussed on the risk of patronage and brought to fore the fact that current regulations allow top officials to attend a health management course and acquire the relevant professional qualification within 18 months from their appointment instead of asking them to show they have the required professional title when first appointed.

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[27] *Ospedali senza medici*, “L’espresso”, 25 March 2010.

[28] Massimo Bordignon and Sandro Brusco “Il Sole 24 Ore”, 5 December 2009 and http://www.lavoce.info “Una penitenza per chi manda la sanità in rosso”; Massimo Bordignon and Gilberto Turati “La sanità in rosso si cura con il fallimento politico”, http://www.lavoce.info.

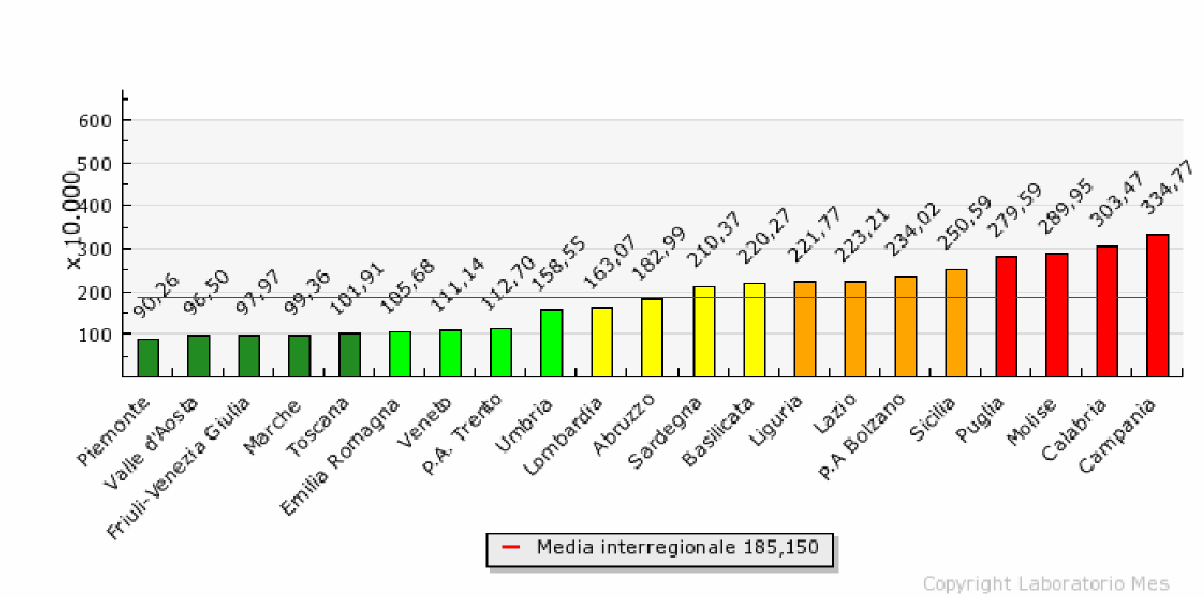
Thirdly, the public debate has looked into the implications and future prospects of the pending law on fiscal federalism. However, media attention focussed especially on political day-to-day controversies and on the often largely ideological discourses put forward by the Northern League, by different leaders in the Freedom Party and by the opposition Democratic Party. Experts, instead, were primarily concerned with trying to interpret first what the parliamentary delegation rule actually envisaged and second what would concretely follow. This is because the law enshrines a set of principles and goals but leaves ample room for manoeuvre concerning their transposition into operative regulations. As many as twelve decrees are needed to fully implement its provisions and this should be done within two years. One year has already gone by and policy makers are stranded at the very beginning of what appears a highly unpredictable process.

2.2.3 Monitoring the quality of health care across the country

In the light of the above sections, monitoring issues appear of paramount importance. In last years' report I referred to the experience carried out by the Region of Tuscany as a case of best practice. Given subsequent developments to which I will turn in a moment, it is worth recalling the main points concerning this initiative. The Region entrusted a group of researchers from the prominent "Scuola Superiore Sant'Anna" at the University of Pisa with the task of working out a monitoring system to be tested in a limited number of local health agencies and then applied to the entire Region. The monitoring system – which became fully operational in 2008 – is based on 130 indicators which are grouped into 50 indexes referring to six main dimensions. Once the pilot phase was over, the system was uploaded last year on the regional dedicated website thereby allowing every citizen to monitor the performance of individual health agencies with just a click.

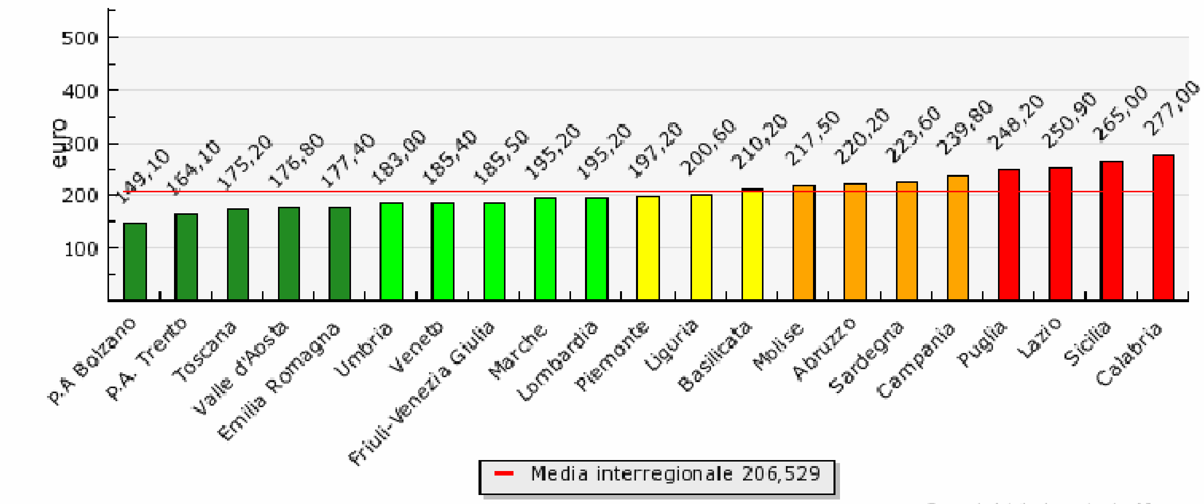
The National Ministry apparently evaluated the experiment positively to the point that it entrusted the same group of researchers to work out a simplified monitoring system to be applied throughout the country. Instead of the original 130 indicators, only 36 indicators were selected covering the following main areas: a) hospital care; b) community care services; c) pharmaceutical expenditure; d) public health prevention. Just at the end of the period covered by this Report, in the last week of April, the Health Minister announced that the relevant monitoring had been completed for both 2007 and 2008 and that anyone interested could have free access to all the relevant information by simply clicking on the dedicated website. In a rather gloomy context, this certainly appears as a positive achievement which allows for unprecedented information transparency.

Figure 3: Potentially Inappropriate Hospitalisation Rates (per 10,000 inhabitants) by Region, 2008.



Source: Ministero della Salute, "Il sistema di valutazione della performance dei Sistemi Sanitari Regionali. Primi indicatori ministeriali 2008", April 2009, Rome.
http://www.salute.gov.it/imgs/C_17_pubblicazioni_1239_allegato.pdf

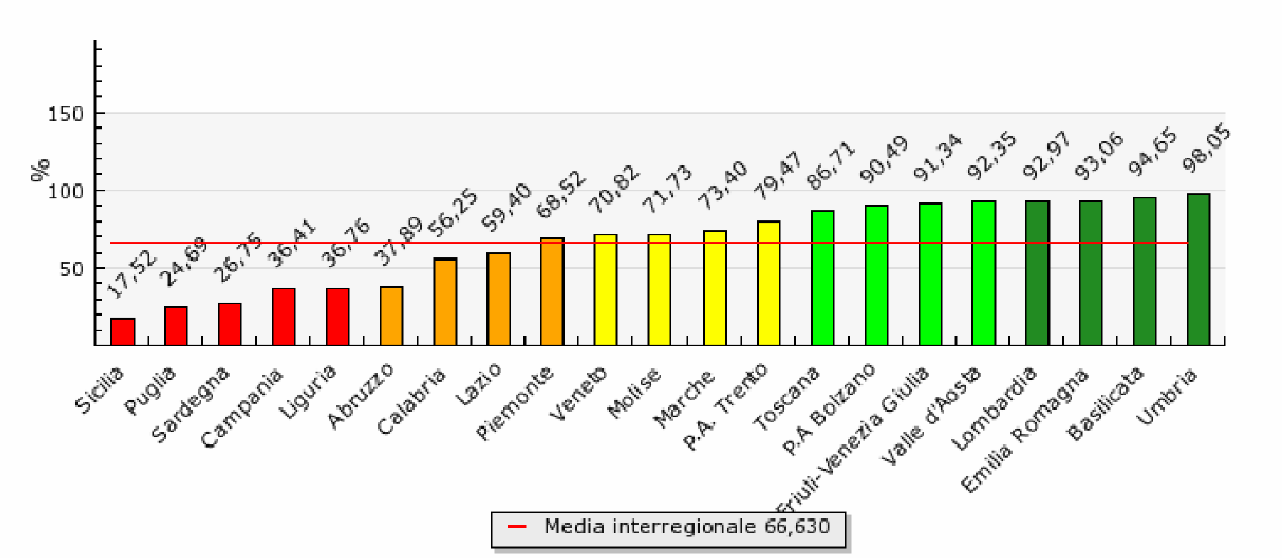
Figure 4: Per capita Pharmaceutical Expenditure by Region, 2008.



Source: Ministero della Salute, "Il sistema di valutazione della performance dei Sistemi Sanitari Regionali. Primi indicatori ministeriali 2008", April 2009, Rome
http://www.salute.gov.it/imgs/C_17_pubblicazioni_1239_allegato.pdf

Figures 3, 4 and 5 provide a first eloquent example of the benchmarking opportunities which – thanks to this project – are now available to any Italian citizen. Figure 3 shows the number of cases per 10,000 inhabitants which should have not been treated in hospital but through ambulatory and community care services. As one can notice, potentially inappropriate hospitalisation rates are over three times higher in Calabria and Campania compared to the best performing regions in the Centre-North. Figure 4 focuses on another aspect, by highlighting a different pattern of pharmaceutical consumption in the two parts of the country: while in the North per capita spending is considerably lower than the corresponding national average, the opposite holds true for the South. Finally, Figure 5 shifts the attention to preventive health care, by illustrating that whereas Local Health Agencies in Emilia Romagna, Umbria, but also in the Southern Region of Basilicata reach almost 100% of women in the age group 50-69 in order to submit them to breast cancer screening, Sicily only gets in touch with 17 out of 100 women.

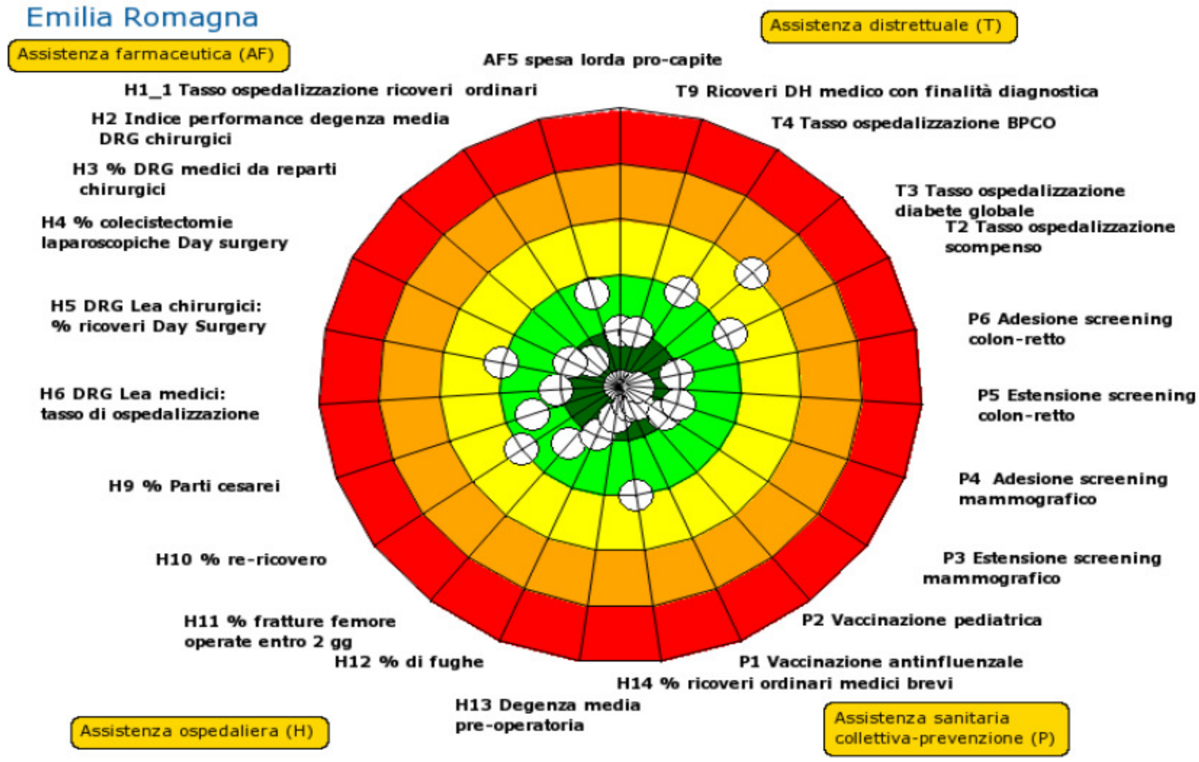
Figure 5: Women contacted for breast cancer screening by the public service (as a percentage of the age group 50-69).

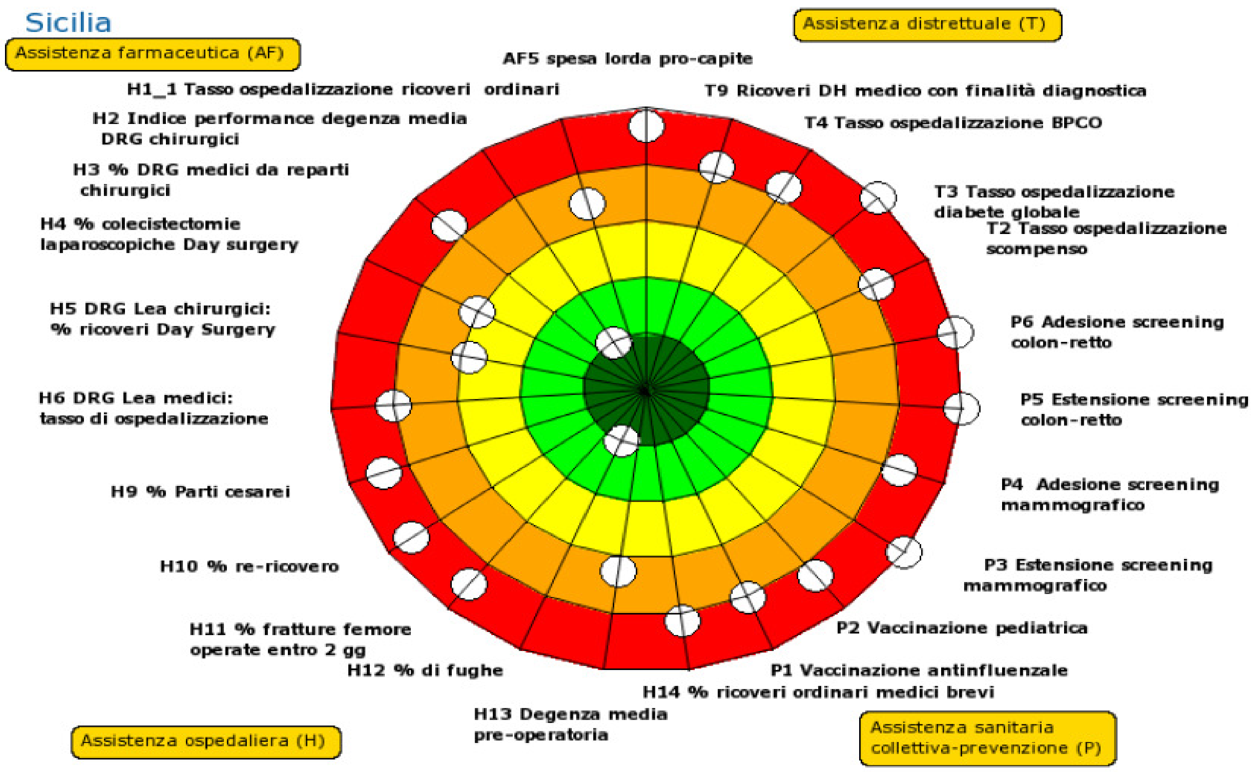


Source: Ministero della Salute, "Il sistema di valutazione della performance dei Sistemi Sanitari Regionali. Primi indicatori ministeriali 2008", April 2009, Rome.
http://www.salute.gov.it/imgs/C_17_pubblicazioni_1239_allegato.pdf

The monitoring programme allows to have a detailed breakdown of the relevant statistical information at the territorial level, thereby permitting to compare specific aspects of individual Health Agencies operating within the same regional jurisdiction. Even more interestingly – by resorting to a visual devise labelled as "target shooting" (bersaglio) – it also allows to have a comprehensive view of the performance of each Region and each health agency for all of the 36 indicators under consideration. By juxtaposing Emilia Romagna and Sicily, Figure 6 show the communicative strength of this technical tool. As one can notice, leaving aside the details, the ordinary citizen can understand the bottom line quite easily.

Figure 6: Assessment of regional performance based on 36 health care indicators –Emilia Romagna and Sicily – 2008.





Source: Ministero della Salute, "Il sistema di valutazione della performance dei Sistemi Sanitari Regionali. Primi indicatori ministeriali 2008", April 2009, Rome.
http://www.salute.gov.it/resources/usabile/documenti_nuovo_portale/primoPiano/ConferenzaStampa21aprile2010.pdf

2.3 Long-Term Care

2.3.1 Statistical and legislative overview

According to 2009 ISTAT data, in Italy 11 million people are over 65 years of age, which corresponds to around 20% of total population. As shown by recent Eurostat data, this is the highest proportion in all EU Member States – a record which the country will only lose in 2060! Moreover, as many as 5.7 million are already over 75. And the figures are bound to increase even further: according to projections by the National Statistical Institute, by 2040 those aged 75 and over will represent 16.6 of the total population. These demographic trends will certainly have an impact not only on the pension system, but also on the structure and sustainability of the social and the health care system, since those in the highest age-groups resort more frequently to health care services and have the greatest need for care and assistance in their daily routines. Calculations by the National Agency for Regional Health Services, show for instance that – whereas per capita average yearly health expenditure is about EUR 500 for people up to fifty years of age, the equivalent is EUR 1,500 in the age group 60-64, going up to over EUR 3,000 in the case of people over eighty years of age.

Available estimates – again by ISTAT – confirm that the elderly represent the overwhelming majority of those who need the help of a third party to move around or require permanent assistance in order to carry out basic daily tasks, more precisely 2 million out of a total of 2,615,000 are in the age bracket 65 and over. Within this context it is not surprising that when talking about dependency and long-term care issues, Italians almost exclusively refer to the special needs of the frail elderly. But despite the considerable size of the phenomenon, Italy relies on a very fragmented set of policies to address long-term care issues. Currently, the State is responsible for providing the dependency allowance – the most important cash benefit within the current legislative framework on long-term care. The Regions – through their network of local health agencies – are instead in charge of providing community health care services (as rehabilitation and domiciliary nursing services), along with covering the cost of the health component in long-term residential care for severely dependent people. Municipalities, finally, are responsible for providing home help and residential care essentially on a means-tested basis. This entails assessing also the economic conditions and income profile of adult children: in contrast to the relevant regulations in most northern European countries – which reflect an individualised conception of social rights – according to the Italian civil code adult children have a legal obligation to support their parents. This point has major implications for municipal social assistance budgets. In case an elderly person goes in a residential care facility, the municipality will cover the cost if there are no adult children or the latter are unable to provide financial support. Depending on the type of residential care facility, the situation can be more complicated: whereas in the case of an old-age home the burden falls either on the family, on the municipality or is shared between the two, in the case of nursing homes for severely dependent people (RSA- residenze sanitarie assistite) inpatients can count on part of the cost being paid by the Regional Health Service, while the remaining entirely falls on the family's shoulders or is covered (partially or totally) by municipal public assistance services. The intertwining between the social and the health sector – which in principle refer to different institutional levels – is even more crucial in the case of domiciliary services: notably, the best is to have integrated nursing and home help services but this requires inter-institutional arrangements (between local health agencies and the corresponding municipalities) that not all the Regions have adequately promoted in their legislation[29]. To put it differently, while certain regions have introduced legislation aimed at coordinating the health and the social component of long-term care, in order to set up a more comprehensive system – as in the case of the 2008 Tuscan law no. 66 – others are still lagging behind.

On the basis of the above description, one appreciates better the statistical overview which the Department of General Accounts offers in its latest Report on mid and long-term spending trends in pensions and in the social and health care system. Table 12 confirms that a considerable share of long-term care spending is in fact directed at the elderly. Particularly, dependency allowances for frail elderly people absorbed the bulk of the resources allocated to this kind of benefit which in 2008 totalled EUR 2.6 billion[30]. The item "other benefits" in the table essentially refers to municipal intervention in the field. Within the existing policy framework local authorities find themselves in the most difficult position because, on the one hand, they face dramatically rising demands and, on the other hand, they are confronted with shrinking resources: following the current government's abolition of local property taxes, municipalities depend almost entirely on state transfers in a context of increasingly tight budgetary discipline. This explains why municipalities – along with regional governments – welcomed the establishment of the National Dependency Fund (*Fondo per la Non autosufficienza*) in 2007 and strongly voiced their discontent at the Government's decision not to confirm financing for 2010 – a decision which was only reverted at the end of 2009, following harsh centre-regional negotiations.

Table 12: Public expenditure for Long-Term Care as a proportion of GDP by major component, and by age group, 2008.

	Total	**65+**
Health services*	0.84	0.49
Dependency allowance	0.72	0.56
Other benefits	0.17	0.13
Total	1.73	1.18

Source: Ragioneria Generale dello Stato, 2009, "Le tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario", rapporto n.11/2009, Rome.

** the health component of long-term care expenditure includes community rehabilitation services for the disabled, psychiatric services for the mentally ill, services for drug-addicts and alcoholics, long-term hospital care.*

Table 13 complements the information in the previous table by showing the percentage distribution of public spending among the three main categories of domiciliary services, residential care and cash benefits. The table also includes an estimate of direct family disbursements to cover the cost of a care worker: as the literature amply documents, in the context of totally insufficient public services many families resort to this alternative – an option which is still relatively cheap but will gradually become more expensive as the number

[29] Following the 2001 amendment to title V of the Constitution, the Regions have exclusive legislative responsibility for personal social care services, while in the health sector the competences are distributed between the central and the regional levels of government.

[30] Many policy makers and experts insists on the need to coordinate and re-organise all private and public responses to long term care needs, by starting from the dependency allowance. This cash transfer payment is directly funded by the central government and is granted only on the basis of a medical need test which is totally independent from the local management of long term care services. Stake holders in this policy area have repeatedly asked to: 1) include the measure in the local system of long term care; 2) differentiate the amount of the benefit depending on the level of dependency, and 3) explicitly link use of the benefit to pay for the cost of home care services. As Regional and local governments have repeatedly stated, by pooling all available resources together, a reform of the dependency cash benefit could have a positive impact on the overall coordination of policy measures on long term care.

of regularised immigrant workers increases. Indeed, in September 2009 the government launched a major regularisation concerning first of all this type of workers. According to official statistics just released by the Ministry of Internal Affairs, 295,052 workers engaged in care and domestic help applied for regularisation. Up to 26 April 2010 – as illustrated by the relevant press release – 119,142 applications have been approved while 10,000 were rejected and the remaining are still been processed. But public opinion and experts fully acknowledge that not all care workers have been involved in the process since the families employing them had to comply with a number of requirements including the payment of the relevant social contributions.

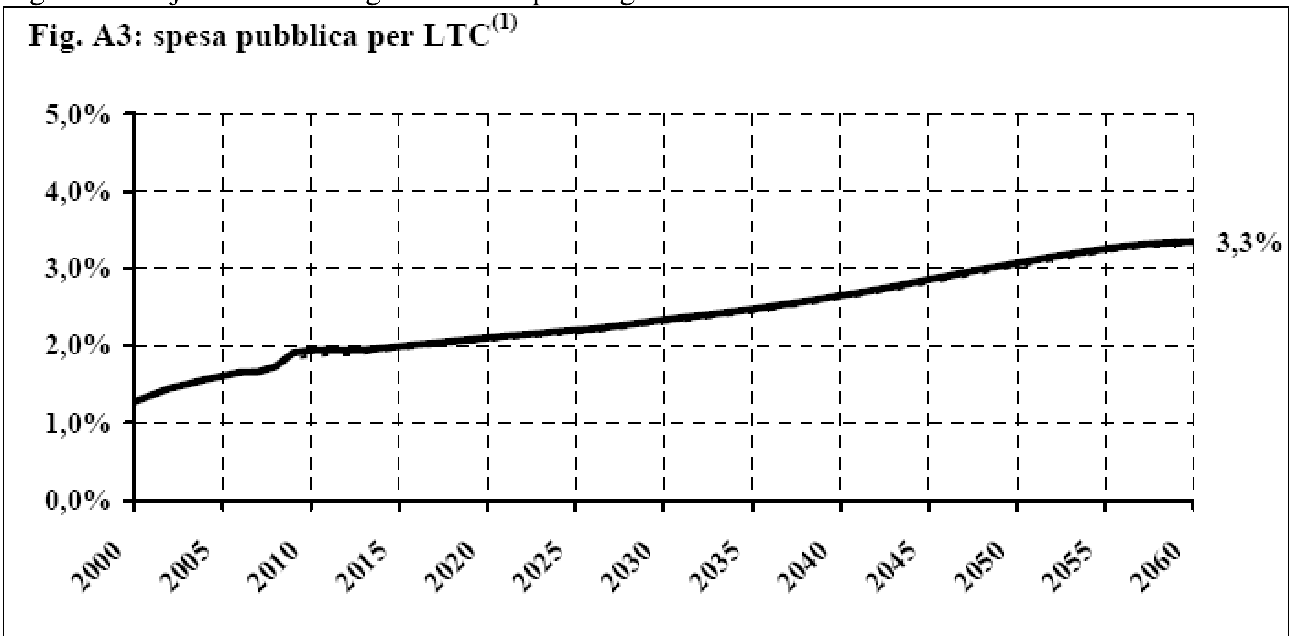
Table 13: Public and private spending for Long-Term Care for the frail elderly, by function – 2008.

	As a % of GDP
LTC – *At home*	0.29
LTC – *In institutions*	0.31
LTC – *Cash benefits*	0.57
Total	1.18
Families' disbursement for care workers	0.59

Source: Ragioneria Generale dello Stato, 2009, "Le tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario", rapporto n.11/2009, Rome.

Figure 7 completes this concise overview by illustrating projected trends in public spending for long-term care according to the Department of General Accounts. As one can see, estimates for 2010 place public expenditure at 2% of GDP – a level which is expected to increase only very modestly up to 2020. In the light of the above demographic trends this appears largely inadequate and not surprisingly all the major stakeholders in this policy area, ranging from pensioners' to local governments' associations and regional governments have manifested their preoccupation.

Figure 7: Projections for long-term care spending as a share of GDP.



Source: Ministero dell'Economia e delle Finanze, Ragioneria Generale dello Stato, Tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario- aggiornamento 2009,page XVI.
(1) Projections refer to a pure ageing scenario.
Base line scenario – update 2009
Base line scenario – update 2008

2.3.2 The impact of current policies

Official statistics on coverage rates of long-term-care benefits and services are still largely under-developed, but a recently established expert network (Network Non Autosufficienza) attempts to fill the gap in its first annual report which offers a very useful snap-shot of the current situation and of ongoing debates. Table 14 which is taken from the report provides some preliminary information.

Table 14: Coverage of Long-Term Care services.

Beneficiaries of Long-Term Care services and benefits	% of those aged 65+
Dependency allowance beneficiaries	9.5
Elderly receiving Home Help	4.9
Elderly in Residential Care	3.0
Elderly employing a care worker	6.6

Source: Network Non Autosufficienza (eds.), "L'assistenza agli anziani non autosufficienti in Italia. Rapporto 2009", June 2009, Maggioli Editore, p. 25.

However, especially in this particular policy field, national averages have relatively little meaning, due to the extremely high variation in the level of social and health care services between the different regions – and in fact even within individual regional jurisdictions. Table 15 presents some interesting evidence on this point, by showing for instance that integrated domiciliary services cover around 7% of elderly population in Friuli but only 1% in Sicily. Great variations have traditionally characterised regional performance in all sectors and legislative developments over the past decade have not helped to redress existing unbalances.

Table 15: Coverage of home help and residential care, number of hours and spending as a proportion of total health spending for domiciliary nursing services by Region 2005-2007.

REGIONS	% of elderly people receiving Personal Home Help	% of elderly people in Residential Care	% of elderly people receiving Integrated Domiciliary Services	Domiciliary Nursing hours (yearly average)	Domiciliary nursing services as a % of health expenditure
Friuli Venezia Giulia	17.4	7.6	7.2	17	3.15
Emilia Romagna	12	4.4	5.7	23	1.94
Veneto	11.8	4.6	6.4	14	1.11
Molise	10.2	2.5	3.7	12	0.7
Liguria	9.6	5.2	3.2	25	0.93
Lombardy	9.1	3.8	3.6	18	0.82
Piedmont	8.5	5.2	1.8	25	1.13
Abruzzo	8.1	1.9	3.6	33	0.86
Marche	7.9	3.1	3.9	28	1.66
Umbria	6.5	1.6	4.3	17	2.23
Lazio	6.4	1.4	3.8	21	-
Basilicata	5.9	0.6	4.3	44	1.37
Tuscany	5.6	2.3	2.1	25	1.46
Sardinia	5.4	1.7	1.2	71	0.70
Sicily	4.9	1.1	1	37	1.44
Calabria	4.8	0.6	2.7	17	0.37
Campania	3.7	0.6	1.6	59	0.38
Apulia	3.5	1.1	1.6	52	0.35
ITALY	7.9	3	3.2	24	1.08

Source: Network Non Autosufficienza, (eds.), "L'assistenza agli anziani non autosufficienti in Italia. Rapporto 2009", June 2009, Maggioli Editore, p. 27.

According to the Constitutional Reform of 2001 the Regions are entrusted with primary responsibility for issuing legislation in this field but the central level is responsible for defining and guaranteeing basic social and health care standards across the country. This remains an issue of hot political debate between national and regional levels of government. The absence of these standards (*Livelli essenziali delle prestazioni* - LEP) reduces substantially the possibility of redressing current regional disparities and largely leaves the option to regional governments' political discretion. In 2007, the previous Prodi government introduced a National Dependency Fund which for the first time allowed for the allocation of earmarked funds to the Regions in this particular policy area. Up until then the funding of long term care services (both institutional and home care) only rested on regional and local governments[31]. Hence the National Fund represented an important turning point, which offered start-up resources to those Regions which had not been particularly active in this field. The allocations by the Prodi government for 2007, 2008 and 2009 amounted to EUR 100, 300 and 400 million, respectively. But over the first year and a half of the Berlusconi Government no commitment was officially taken to re-finance the Fund once the three-year period ended. As the deadline was approaching during the first part of 2009, the regions raised their voices to lament the government's apparent lack of interest in the subject which also reflected in the dropping of the long-term care draft bill which the previous government had submitted to Parliament. It was only in parallel with the unblocking of the negotiations for the Health Pact 2010-2012 that the central government signed a new agreement with the Regions on 23 October 2009. Building on this agreement, the budgetary law for 2010 allocated EUR 400 million for the National Dependency Fund. But this is not the end of the story since in February 2010 the Regions' Board expressed strong preoccupation because of the government's delay in transferring the relevant resources – and because the issue was not on the agenda of the Centre-Regional Board which represents the institutional setting in which allocation criteria have to be formally endorsed.

[31] In providing health services to people with disabilities the Regions have normally resorted to the ordinary funding of Regional Health Systems. However, regional and local revenues for social care services have always been extremely more limited and this poses a major problem as the social and the health component are tightly interconnected in residential care. The cost must be split between the local health authorities and the municipalities. Despite the fact municipalities are limiting their action largely to low-income elderly without adult children, the situation is getting worse in terms of financial sustainability because of the very high cost of institutional care and the increasing numbers of elderly who are no longer able to live independently.

3 The Impact of the Economic and Financial Crisis

To place into context the impact of the crisis on social protection and the action taken by the Government it is worth recalling first the country's overall macro-economic profile. Italy's budget deficit rose in 2009 to 5.2% of GDP. In a comparative perspective, this is not such a high figure; however, the crucial point is that Italy's public debt stands at 115%, second only to Greece in the Euro area. It is against this backdrop that one can better appreciate the Government's decision to resort to only a modest fiscal stimulus. Actually, in contrast to the strategy pursued in 2008, during 2009 the Minister for the Economy slightly loosened the purse strings with respect to two socially sensitive areas: health and unemployment protection. In fact, Tremonti recently claimed that despite the economic recession, the Government had not resorted to "social butchery." Section 2.2.1 documents in detail the shift in the government's strategy which led to the signing of the Health Pact 2010-2012. This section will therefore focus on the measures which the government introduced to address growing unemployment in the context of the economic crisis. This was constantly presented by the Government as priority number one to limit the negative social impact of the crisis. But how exactly did the government intervene? Notably, in the case of Italy unemployment protection is extremely low and highly inequitable compared to all other Continental and Northern European countries; for this reason the reform of social shock absorbers has been on the political agenda for over fifteen years but nothing has ever come through. The following pages illustrate that once more Italy was not able to grasp the opportunity to overhaul unemployment protection. Wage compensation and mobility allowances (*cassa integrazione e mobilità in deroga*) were granted to sectors previously not covered by these programmes but the provisions left out especially younger workers. In the light of the current scenario, the point needs further elaboration.

The Agreement which the National Government and the Regions signed in February 2009 represents the corner stone of the current strategy to fight increasing unemployment due to the crisis[32]. Although the implementation of the agreement certainly eased the negative social consequences stemming from the recession, particularly from the closing down of a number of small and medium size firms, the government's approach suffers from a major drawback: it hardly affects the weaker components of the workforce which are hit the hardest by the current crisis – namely atypical workers.

To place this assessment into perspective, it is useful to provide some evidence on the profile of atypical work in the case of Italy, before the outbreak of the crisis. The reason for providing this kind of information is that the current crisis added onto a situation which was already extremely critical. The latest available data from EU-SILC (which refer to 2006) provide a good starting point. However, one needs to keep in mind that when considering atypical work the above dataset exclusively refers to workers with fixed-term contracts. According to calculations by Raitano (2009), the following picture emerges: a) in 2006, workers with fixed-term contracts represented 14.8% of total private and public employees; b) they were mostly low-skilled workers and were concentrated in the service sector; c) their net

[32] The agreement is characterised by following major points:

- EUR 8 billion will be allocated over the period 2009-2010 to provide unemployment protection in the context of an active inclusion strategy.
- funding is mainly provided by regional and national resources related to the European Social Fund: within this context the regions will funnel their allocations (EUR 2.65 billion) to measures supporting employability through vocational training and skills upgrading which should accompany income support measures.
- In September 2009, Minister Sacconi stated that until then only EUR 1.5 billion were effectively spent and that by the end of the year he expected to spend 500 million more.

hourly salary was 78.2% of the corresponding figure for permanent workers; c) their net average yearly income was 55% of the average income earned by workers with full-time permanent jobs. As a result, Raitano calculates that as many as 56% of temporary workers were in the lowest quintile of the income distribution and that 14% fell below the poverty line and thus could be considered as working poor (net monthly wage below EUR 680). In short, the evidence suggests that Italian workers with fixed-term contracts are not compensated with higher salaries for the risk of losing their job, as the economic theory suggests; quite to the contrary, their suffer from a wage gap compared to permanent workers and have to face frequent unemployment spells.

But even more importantly, these disadvantages are not counterbalanced by adequate social protection measures. As the literature amply documents, because of the existing insurance and contributory requirements, once their contract expires many workers with fixed-term contracts can only receive the "reduced unemployment benefit" (*indennità di disoccupazione a requisiti ridotti*) which is only paid a year after and for a very limited period. If we now turn to the other forms of atypical works – particularly to the workers labelled in the Italian debate as *parasubordinati* and "*false" partite IVA,* the situation appears even worse. These workers are formally self-employed but in fact are working for a single employer. Employers are increasingly resorting to these contractual relations for cost-saving reasons: whereas in the case of workers with fixed-term contracts (which cannot be usually renewed for more than three years) social contributions amount to 33% of wages – 2/3 of which are paid by employers, in the case of the so-called *parasubordinati* (which include *Collaboratori Coordinati a Progetto – Co.Co.Pro*, and in the Public Administration *Collaboratori Coordinati Continuativi – Co.Co.Co*), the burden for the employer is definitely lighter because contributions amount to 25.7 of wages – of which employers cover again 2/3. Resorting to a formally independent "professional" is even cheaper, since at this point social contributions entirely fall on the workers' shoulders. Recently this phenomenon has come to the front stage; especially following a report by Dario Di Vico on the major national newspaper "Il Corriere della Sera". Specialists but also the public at large – through a dedicated blog on the internet – are debating about a possible "bubble of false professionals" and its social consequences.

To adequately assess the implications of the abovementioned situation, one should consider that 60% of new jobs fall into one of the many categories of atypical work and that at present atypical workers represent 20% of the labour force. Not only are these new forms of work inadequately protected in case of unemployment, they also suffer from an insufficient protection with respect to maternity, sickness leave, and family allowances. Berton, Richiardi and Sacchi (2009) devote to the topic an entire chapter of their latest volume. Tellingly, the book is entitled *Flex-insecurity*. To illustrate the point – among the many examples in the book – one can refer to the hospitalisation allowance which was introduced in 2000 for all workers registered with the special INPS fund for atypical work (*Gestione Separata INPS*). In case of hospitalisation, the worker is entitled to a daily allowance (which is proportionate to the contributions actually paid with a maximum of EUR 38.86 per day), provided he has contributed for at least three out of the 12 months preceding the event. However, if the contribution is below a minimum threshold of EUR 280 per month (corresponding to an income of EUR 3,455) the actual amount paid is registered starting from January of the relevant year. As a result, the registered contribution might fall out of the twelve months preceding hospitalisation, thereby excluding the worker from access to the benefit. In fact, according to the authors' estimates, one out of three *parasubordinati* cannot effectively receive the benefit. The overall outcome appears paradoxical but the authors provide an insightful analysis, which is worth recalling. On the one hand, they introduce the concept of a "cognitive illusion" to highlight the gap existing between legislation which formally extends social protection coverage to particular categories of atypical work and the corresponding implementation, and, on the other hand, they point to the existing conflict between the actual profile of atypical work and the insurance rationale which underpins the relevant social protection measures. Summarising, contributory requirements are designed by taking full-time, permanent jobs as a reference point but the conditions of atypical work reflect an entirely different world.

As mentioned at the beginning of this section, instead of using the current economic and financial crisis as an opportunity to overhaul the existing social protection system for atypical workers (which is extremely fragmentary and highly inequitable), and providing instead a universal floor of basic social rights, starting with an effectively accessible unemployment benefit, the government opted for a patch-work strategy which leaves untouched the dualistic nature of the Italian labour market, and in fact further consolidates the long-term divide between insiders and outsiders. Even a quick look at the unemployment benefits specifically aimed at atypical workers – which the government introduced in the context of the measures addressing the economic crisis – confirms the validity of the above consideration. For the first time, the above-mentioned *parasubordinati* – a category of atypical work which comprises about 550,000 people, mostly young and women – were granted some form of unemployment protection. The lump-sum benefit will correspond to 30% of the worker's earnings for 2009, but not all the workers meet the qualifying conditions.

Not only academics are depicting a bleak scenario. In the official speech during the 2009 Annual Assembly, the Governor of the Bank of Italy, Stefano Draghi stated that, in case they lost their job, as many as 1.2 million workers would have no unemployment coverage – out of which 450,000 belong to the category of *parasubordinati* (Banca d'Italia 2009). Further, according to Draghi, among workers effectively covered by unemployment protection, one million is only entitled to reduced benefits – which are not only very low but are paid the year after for a very limited period of time. The Governor lamented that – despite numerous intervention – no comprehensive reform based on equity and efficiency criteria has ever taken off the ground in Italy; last but not least, he called for better monitoring of existing programmes and suggested to redesign unemployment protection and its funding mechanisms on the basis of "experience rating" i.e. by keeping into consideration – when calculating firms' contributions – to what extent employers resort to firings.

Table 16: Unemployment and GDP variation in selected countries, 2008-2009.

	Unemployment October 2008	**Unemployment October 2009**	**Variation**	**GDP variation**
Italy	7.0	8.0	+1.0	-6.5
Germany	7.1	7.5	+0.4	-6.4
France	8.1	10.1	+2.0	-3.2
Spain	13.1	19.3	+6.1	-4.6
EURO Area	7.9	9.8	+1.9	-5.1
USA	6.6	10.2	+3.6	-3.8

Source: Daveri Francesco, Una exit strategy anche per il mercato del lavoro, 4/12/2009, www.lavoce.info/articoli/-lavoro/pagina1001438.html.

But how does this discussion relate to the image that Italy is reacting better than many other European countries to the crisis – an image which the Executive constantly reiterates and which is also largely endorsed by the media? Table 16 – retrieved from an electronic article by Francesco Daveri – provides some useful hints to address the issue. In the face of a 6.5% drop in GDP between October 2008 and October 2009, overall unemployment only went up from 7 to 8%.

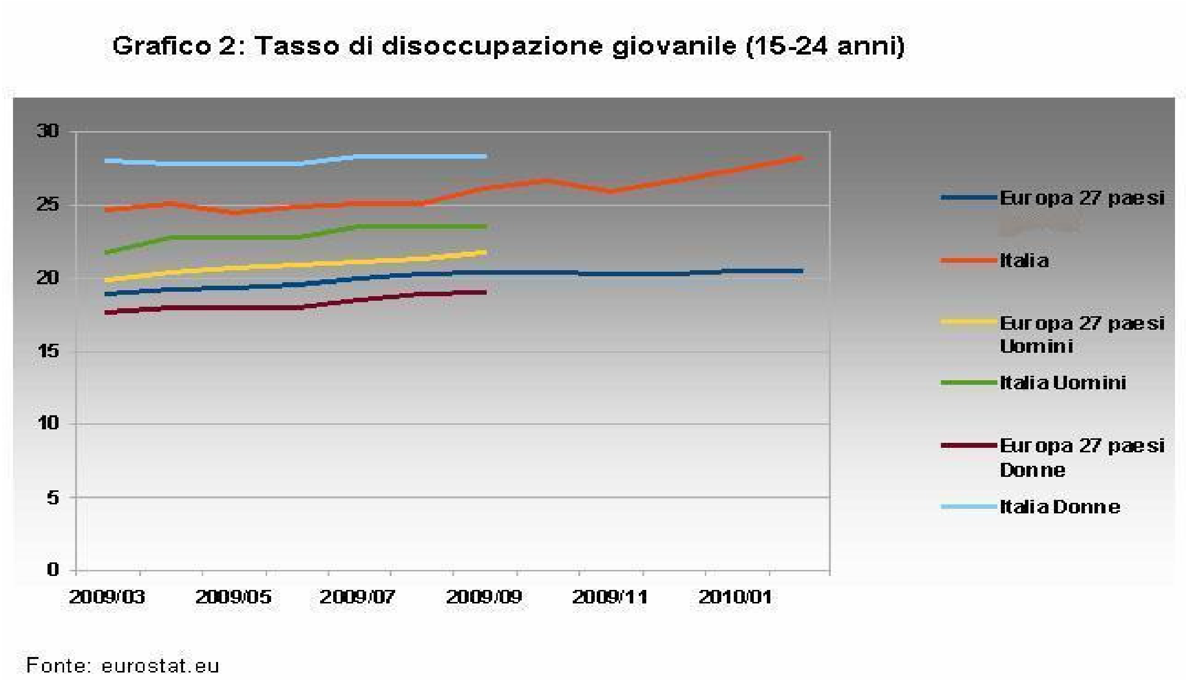
Table 17: Youth unemployment variation in selected countries, 2008-2009.

	Youth Unemployment October 2008	Youth Unemployment October 2009	Variation
Italy	22.4	26.9	+4.5
Germany	9.0	10.3	+1.3
France	20.2	24.7	+4.5
Spain	27.9	42.9	+15.0
EURO Area	16.2	20.6	+4.4
USA	13.8	19.1	+5.3

Source: Daveri Francesco, *Una exit strategy anche per il mercato del lavoro,* 4/12/2009, www.lavoce.info/articoli/-lavoro/pagina1001438.html.

However, one the one hand, it is still unclear whether the 500,000 workers currently on short-term compensation (hence formally occupied) will effectively go back to their job; on the other hand, Table 17 shows that youth unemployment has gone up by 4.5 percentage points during the same time period and now represents 26.9%. In short, on the overall the Italian labour market is doing better compared to France and Germany, but this does not really hold true if one looks at the younger cohorts (see Figure 8). This is precisely why experts are increasingly calling for a "phase two" "exit strategy" from the crisis which should primarily focus on women and young people. These two groups were largely engaged in a variety of atypical forms of work before the crisis and not surprisingly have been the first ones to lose their job, in many cases moving – as a last resort – to what the authoritative CENSIS Report (2009) has labelled as "molecular work" in the context of an emerging "Fourth sector" ("*Quaternario*") which is developing within the hidden economy. There is no hard quantitative evidence on this new phenomenon but it would be short-sighted to ignore it. Increasing numbers of young workers are disappearing from social insurance registrars and from official statistics also because there is little advantage in paying considerably high payroll taxes. As noted above, due to obnoxious contributory requirements, in many cases the worker will not even receive social protection benefits. Cashing all the money in the grey economy might appear in short run as a wiser solution but in the long-run this could entail cutting off an entire generation from social protection.

Figure 8: Total, male and female youth unemployment rate for Italy and EU 27.



Source: *http://www.neodemos.it, 28.04.2010.*

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COVIP,'Indagine conoscitiva sull'andamento e la gestione dei fondi pensione', *Audizione del Presidente della Covip, Antonio Finocchiaro*, Roma, 26 January 2010, retrieved from: http://www.covip.it/documenti/PDF/Altro/Audizione_Camera_26_%20gennaio_2010.pdf

COVIP,'Relazione per l'anno 2008', *Considerazioni del Presidente*, Rome, 18 June 2009, retrieved from: http://www.covip.it/documenti/RelazioniAnnuali/Relazione_del_Presidente2008.pdf

COVIP,'Relazione annuale Covip 2008', *Intervento del Ministro del Lavoro, della Salute e delle Politiche Sociali, Maurizio Sacconi*, Rome, 18 June 2009, retrieved from: http://www.covip.it/documenti/RelazioniAnnuali/Intervento%20Ministro_Relazione%20Annuale%20COVIP%202009.pdf

DAVERI, F., *Una exit strategy anche per il mercato del lavoro*, 4 Dec. 2009, retrieved from: http://www.lavoce.info

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MINISTERO DELL'ECONOMIA E DELLE FINANZE, *Relazione Unificata sull'Economia e la Finanza Pubblica 2009*, Rome, 2009.

MINISTERO DELL'ECONOMIA E DELLE FINANZE, *Relazione generale sulla situazione economica del paese nel 2008*, Rome, 15 July 2009, retrieved from:

http://www.tesoro.it/doc-finanza-pubblica/dfp.rgse.asp

MINISTERO DELLA SALUTE, *Il sistema di valutazione della performance dei Sistemi Sanitari Regionali. Primi indicatori ministeriali 2008*, April 2009, Rome, retrieved from: http://www.salute.gov.it/imgs/C_17_pubblicazioni_1239_allegato.pdf

PIZZUTI F.R., (ed.), *Rapporto sullo Stato sociale 2010. La grande crisi del 2008 e il Welfare State*, Milan, Academia Universa Press, 2009.

RAITANO, M., *La segmentazione del lavoro in tempo di crisi: il caso italiano in prospettiva comparata,* paper presented at V Forum RPS – Espanet 2009, 5-6 november 2009, Rome, retrieved from:
http://www.ediesseonline.it/files/eventi/presentazioni/programma%20forum%20RPS%202009.pdf

RAITANO, M., *La segmentazione del mercato del lavoro come vincolo alla flexicurity: il caso italiano*, *Quaderni di Rassegna Sindacale*, n. 2, 2008.

4 Abstracts of Relevant Publications on Social Protection

[R] Pensions

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

[H] Health

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

[L] Long-term care

[R] OECD, Pensions at a Glance 2009. Retirement Income systems in OECD Countries, June 2009, retrieved from:
http://www.oecd.org/dataoecd/27/27/43126151.pdf

Description: Pension and retirement policies have changed dramatically in recent years, as governments have tried to balance the goals of adequate retirement incomes and the long-term financial sustainability of pension systems in the face of population ageing. Pensions at a Glance 2009 provides a consistent framework for comparing pension policies between countries along with reliable data.

[R] INPS, Rapporto Annuale 2008**,** March 2009, Rome, retrieved from:
http://www.humanitech.it/wp-uploads/2009/03/rapportoinpsprimaparte.pdf
http://www.humanitech.it/wp-uploads/2009/03/rapportoinpssecondaparte.pdf
"INPS Annual Report 2008"

Statistical information on the schemes run by the National Social Insurance Fund for the private sector INPS, particularly on the distribution of pension benefits and spending by type of benefit.

[R] MINISTERO DEL LAVORO, DELLA SALUTE E DELLE POLITICHE SOCIALI, Nucleo di Valutazione della Spesa Previdenziale: Gli andamenti finanziari del sistema pensionistico obbligatorio, Rome, November 2009, retrieved from:
http://www.lavoro.gov.it/NR/rdonlyres/0ABE3402-E1B7-4EAC-AF0F-A0E478DAEBF8/0/RapportoNOV09.pdf
"Expert Committee in charge of evaluating pension expenditure: Financial trends in statutory pension schemes"

The report provides an overview of pension expenditure covering the period 1989-2008; detailed statistical information is provided for 2008 concerning the balance between contributions and pension benefits for each occupational category. Mid and long-term spending projections are presented building on the analysis of recent legislative measures and of their specific financial implications. The appendix provides a useful comparison of the different operational definitions of pension spending used by major national and international institutions.

[R] COVIP, Relazione annuale 2008, Rome, June 2009, retrieved from:
http://www.covip.it/documenti/RelazioniAnnuali/RelazioneAnnuale2008.pdf
"2008 Annual Report"

The annual report provides the most comprehensive information on supplementary pensions, and discusses positive and negative results. The report covers the most important aspects: distribution of funds by category; level of coverage of the different funds, changes with respect to the previous year, operating costs, rates of return of invested funds.

[R] INPDAP, Trattamenti pensionistici dei pubblici dipendenti – Analisi statistico-finanziaria, Rome, 2008, retrieved from:
http://www.inpdap.it/webinternet/download/comunica/PENSIONI_2008.pdf
"Pension benefits for public sector employees – a statistical and financial overview"

The Document provides a statistical analysis of pension benefits for public sector employees by the Insurance Fund INPDAP for as of 31 December 2008. The evidence presented refers – for each specific scheme **–** *to the total number of insured workers and beneficiaries, average pension benefits by age, sex and territorial distribution.*

[R1; R2; H1; H2] RAGIONERIA GENERALE DELLO STATO, Le tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario, rapporto n.11/2009, Rome, retrieved from: http://www.rgs.mef.gov.it/VERSIONE-I/Attivit--i/Spesa-soci/Attivit--d/2010/index.asp
"Mid-long term trends for the pension, health and long term care systems"

This report contains analyses of the projection results on public expenditure for pension, health care and long term care (LTC) in terms of GDP. These projections have been carried out using the models of the Department of General Accounts (Ragioneria Generale dello Stato - RGS) updated to 2009, on the basis of the forecasting scenarios defined both at national and European levels. The latter have been worked out by the Working Group on Ageing set up at the Economic Policy Committee of the Ecofin Council (EPC-WGA). Apart from illustrating the results by expenditure item, the report offers a thorough analysis of the explicative factors underlying the dynamics foreseen, and a description of the differences which come about due to the updating procedures.

[R1; R2; R5] BUSILACCHI,Gianluca, JESSOULA, Matteo, RAITANO, Michele, Il Mac e le politiche pensionistiche: Italia e Europa, Oct-Dec 2009, in: La Rivista delle Politiche Sociali, N. 4, p. 169-197.
"The OMC and pensions policies: Italy and Europe"

In the European Union the organisation and management of pensions systems is the exclusive concern of the member states; since 2001, however, community intervention on pensions has been envisaged through the Open Method of Coordination (OMC). This article considers the contents of OMC-pensions and their capacity to influence national pensions policies, with particular reference to Italy; it also assesses the extent to which the public defined contribution system introduced in Italy by the 1995 reform allows to pursue different aims on the basis of the open method of coordination (sustainability, adequacy and modernisation), also identifying the main critical features in the system.

[R2] BOERI, Tito, BRUGIAVINI, Agar, Una Riforma che vale quanto Kakà, 16 July 2009, retrieved from:
www.lavoce.info http://www.lavoce.info/articoli/-pensioni/pagina1001207.html
"A Reform which is worth as much as the football player Kakà"

The article provides a critical assessment of the government's decision to limit the increase of female retirement age to the public sector – as a reaction to the ECJ verdict

on the subject. The authors consider that the relevant savings will be minimal and express their support instead for the re-introduction of flexible retirement age.

[H] Health

[H] CERGAS, Rapporto OASI 2009, Milano, Università Bocconi Editore (Egea), 2009.
"2009 OASI Report on the Italian NHS"

The 2009 Report provides a comprehensive overview of the structure and operational arrangements of the Italian NHS. It also provides detailed statistical information on the financial management of individual Regional systems, and sheds light on the criteria which are used to set the tariffs for the various medical services. Other aspects which the report discusses include among others: a) primary health care in the light of the new contractual arrangements with general practitioners; b)the interaction between medical staff and health managers; c)ageing of medical staff and its consequences; local health agencies' strategies and goals in the context of budgetary discipline by regional governments.

[H] MINISTERO DELLA SALUTE, Rapporto Nazionale di Monitoraggio dei livelli essenziali di assistenza. Anni 2005-2006, June 2009, Rome, retrieved from:
http://www.salute.gov.it/imgs/C_17_pubblicazioni_1072_allegato.pdf
"National Monitoring Report on health care standards: 2005-2006."

Statistical information updated only to December 2006 on the profile of health care services in the different parts of Italy and on the extent to which minimum health care standards defined at the national level are effectively guaranteed across the country.

[H] MINISTERO DELLA SALUTE, Relazione sullo Stato sanitario del Paese 2007-2008, retrieved from:
http://www.salute.gov.it/imgs/C_17_pubblicazioni_1144_allegato.pdf
"Report on the country's health conditions 2007-2008"

The Report represents a useful analytical tool to shed light on the country's epidemiological situation, on health determinants and on the policy answers provided through preventive, curative and rehabilitative care by the national health service.In short, it provides an assessment of the quality of the NHS.

[H] OECD, Health at a Glance 2009, December 2009, retrieved from:
http://www.oecd.org/document/8/0,3343,en_2649_33929_44220360_1_1_1_1,00.html

This fifth edition of "Health at a Glance" provides the latest comparable data on different aspects of the performance of health systems in OECD countries. It provides striking evidence of large variations across countries in the costs, activities and results of health systems. Key indicators provide information on health status, the determinants of health, health care activities and health expenditure and financing in OECD countries. This edition also contains new chapters on the health workforce and on access to care, an important policy objective in all OECD countries. The chapter on quality of care has been extended to include a set of indicators on the quality of care for chronic conditions.

[H1] COCO, Giuseppe, Controllo della spesa. Il deficit del federalismo, 26 March 2010, retrieved from:
http://www.nelmerito.com/index2.php?option=com_content&do_pdf=1&id=1001
"Controlling expenditure. Federalism's deficit"

As far as the health sector is concerned, public debate on fiscal federalism concentrated, on the following two aspects: financing and how to determine the level of transfers on the basis of "fair standard costs." Another crucial feature of the upcoming reform received instead only minor attention, namely control mechanisms for institutions running a deficit. The author argues that the federal reform is bound to failure unless adequate control arrangements and procedures are set in place.

[H1; H2; R1; R2] RAGIONERIA GENERALE DELLO STATO, Le tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario, rapporto n.11/2009, Rome, retrieved from: http://www.rgs.mef.gov.it/VERSIONE-I/Attivit--i/Spesa-soci/Attivit--d/2010/index.asp
"Mid-long term trends for the pension, health and long term care systems"

This report contains analyses of the projection results on public expenditure for pension, health care and long term care (LTC) in terms of GDP. These projections have been carried out using the models of the Department of General Accounts (Ragioneria Generale dello Stato - RGS) updated to 2009, on the basis of the forecasting scenarios defined both at national and European levels. The latter have been worked out by the Working Group on Ageing set up at the Economic Policy Committee of the Ecofin Council (EPC-WGA). Apart from illustrating the results by expenditure item, the report offers a thorough analysis of the explicative factors underlying the dynamics foreseen, and a description of the differences which come about due to the updating procedures.

[H2] FALCITELLI, N., GENSINI, G.F., TRABUCCHI, M., VANARA, F., (eds.), Rapporto Sanità 2009. Complessità del governo aziendale per la promozione della salute, 2009, Bologna, Il Mulino.
"Health Report 2009"

The 2009 edition of the Report is mainly concerned with how local health agencies address governance issues in the context of high organisational complexity which is typical of the health sector.

[H2; H3] CENSIS, Aspettative e soddisfazione dei cittadini rispetto alla salute e alla sanità, Roma, 16 April 2010, retrieved from:
http://www.salute.gov.it/imgs/C_17_primopianoNuovo_274_documenti_itemDocumenti_0_fileDocumento.pdf
"Citizens' health expectations and satisfaction with health services"

The survey conducted by Censis on Italians' perceptions, opinions, and evaluation of the health care system helps to place into perspective the relationship between citizens and public services The survey shows that Italians have high confidence in general practitioners and are satisfied with the territorial distribution of pharmaceutical assistance. In the South citizens are critical of emergency wards and almost 40% believe that in case of hospitalisation they might incur in medical mistakes, in contrast to only 9% in the North. In case of planned hospitalisation, 3 out of four patients declare they first had to pay for a private visit with the relevant hospital doctor – and the figure goes up to 40% in the South. Waiting times for accessing the hospital are perceived as a major problem in Central Italy.

[H2; H4] TOTH, Federico, Le riforme sanitarie in Europa tra continuità e cambiamento, August 2009, in: Rivista italiana di Politiche Pubbliche, n.2, p. 69-92.
"Health care reforms in Europe between continuity and change"

Over the last two decades, significant health care reforms have been undertaken in many Western European countries. In the early 1990s most of the countries which undertook health care reforms aimed to introduce greater competition between the components of the health care system. On the contrary, almost all of the reforms undertaken in the second half of the 1990s sought greater integration and regulation. From 2000 onwards, the more central issues have been the strengthening of patients rights and freedom of choice. In addition to these policy trends, some countries have gone on with decentralisation measures, initially launched in the 1970s and 1980s. The case argued in this article is that national policy makers are often influenced and inspired by other countries experience. Policy emulation is easier to occur between governments that share the same ideological orientation and between countries that adopt the same health care model.

[H4] BORDIGNON, Massimo, DIRINDIN, Nerina, La Sanità di Sacconi, 20 October 2009, retrieved from: http://www.lavoce.info
http://www.lavoce.info/articoli/-sanita/pagina1001344.html
"Sacconi's Health"

The article analyses the relationship between the State and the Regions with particolar reference to health financing issues.

[H4] NERI, Stefano, Convergenza e divergenza nell'evoluzione recente dei servizi sanitari nazionali. Un confronto tra Regno Unito e Italia, December 2009, in: Stato e Mercato, n. 3 p.357-386.
"Convergence and Divergence in the Recent Evolution of National Health Services. A comparison between the United Kingdom and Italy"

In the 1980s and 1990s most of the European health care systems carried out reform programmes which shared the same general principles, raising the issue of convergence among them. As to National Health Services (NHSs), after 2000 common trends have partially continued, but many differences emerged among the Nordic NHSs (United Kingdom and Scandinavian countries) and Mediterranean NHSs (such as Italy or Spain). In order to investigate these new tendencies, this paper analyses the recent evolution of the Italian and British NHSs, focusing in this latter case on England, as examples of the two above-mentioned groups of NHSs. Focusing on dimensions such as the provider-purchaser relationship, the supply structure and the "performance" management systems, it is possible to show how, beyond a superficial convergence, differences between the English and Italian NHSs are persistent and deeper than they were at the end of the 1990s. This can be explained by considering several factors, such as the priorities existing in the two health care systems, the importance of prevailing ideas in the government elites, or the different government structures. However, it should be highlighted that some long-term factors have reemerged; such factors, as they are found in England and Italy, are typical of the Nordic and Mediterranean welfare and health care systems respectively, and concern the kind of relationship existing between politics and health care and the strength of bureaucracies.

[H4; H5] TURCHETTI, Giuseppe, The Interaction of Public and Private Systems in Health Care Provision: The Italian Two-faced Janus, 2009, European Papers on the New Welfare, n.11, retrieved from: http://eng.newwelfare.org/
"The Interaction of Public and Private Systems in Health Care Provision: The Italian Two-faced Janus"

> *The interaction between public and private systems in the provision of health care is complex because they refer to different logics and functioning mechanisms. This paper presents and discusses an extreme case of coexistence of public and private regimes in providing health care — the Italian intramoenia. Although the intramoenia regime presents numerous advantages for the patient, the doctor, the hospital, the payer, and the whole health care system, it has not spread as much as might be expected. Many distortions could affect the relationships among the players involved in the intramoenia regime and, since at present the cost of the service rendered is generally carried by the patient through out-of-pocket spending, there are also undesirable inequity effects. The author maintains that potentially opportunistic behaviours of the players could be reduced by the presence of a professional third party payer, who, thanks to the technical tools of insurance, is able to establish appropriate incentive schemes that could increase the efficiency, reduce inequities, and favour a successful co-existence of public and private forms of organisation and governance of the transactions.*

[H4; H5] ARDISSONE, Alberto, La professione medica tra novità e continuità nei percorsi di riforma. Il caso italiano in prospettiva comparata, August 2009, in: Rivista Italiana di Politiche Pubbliche, n.2, p. 121-145.
"The medical profession between innovation and continuity in different reform paths. The Italian case in a comparative perspective"

> *This study aims at analysing one of the main pillars of any modern welfare state, namely the health care sector, and more precisely the medical profession. During the last three decades, the welfare states of the affluent countries have undergone deep reforms. The economic crisis of the Seventies, and the recession which followed, pushed all those governments toward a set of cost-containment measures. Since then, several scholars tried to understand the patterns and the conditions of change, and among neo-institutionalists, path-dependency seemed to be the most common interpretation. Recently, however, Streeck and Thelen proposed a different type of change, namely a slow and incremental one. The article focuses on the Italian case, analysing both the reforms of the National Health Service and those directly addressed to the medical profession, with the aim of verifying how the Italian set of reforms takes its place in the taxonomy of change proposed by Streeck and Thelen.*

[L] Long-term care

[L] DE FELICI, Patrizia, GIORGI, Graziano, RANCI, Costanzo, SANSONETTI, Silvia, STAME, Nicoletta, (eds), Definire i livelli essenziali delle prestazioni di assistenza, I Quid, IRS, 2009, retrieved from: http://pss.irs-online.it/pagine.php?id=6
"Defining minimum social care standards"

> *The study aims at contributing to the definition of minimum social care standards envisaged by law 328/2000 on the reform of personal social care services; the latter are crucial in the light of the upcoming federal institutional arrangements. The study aims at providing methodological tools to move the current debate in a more pragmatic direction and help in the assessment of the current system of social care provision across the country.*

[L] NETWORK NON AUTOSUFFICIENZA (eds.), L'assistenza agli anziani non autosufficienti in Italia. Rapporto 2009, June 2009, Maggioli Editore, retrieved from: http://www.maggioli.it/rna/
"Long-term Care for the Elderly. 2009 Report**"**

The report intends to provide a comprehensive assessment of the paths to be followed in order to improve frail elderly care in the Italian case. The first part offers an overview of current policies so as to place into context subsequent suggestions. The next part discusses the different positions in the political and the scientific debate on long-term care for the elderly to conclude by focussing on the main issues at stake.

[L; H; R] CENSIS, 43° Rapporto sulla situazione sociale del Paese 2009, Milan, Franco Angeli, 2009, retrieved from:
http://www.censis.it
"43 Annual Report on the country's social situation"

The report highlights Italy's main socio-economic developments in 2009. The report pays particular attention to the effects of socio-economic crisis on citizens, businesses and institutions' replies.

[L; H; R] DE VINCENTI, Claudio, Il Libro Verde sul welfare. Prospettive deboli per problematiche strutturali, in: La Rivista delle Politiche Sociali, N.1, Jan-March 2009.

"The government Green Paper on welfare. Weak perspectives for structural problems"

The article offers a general comment on the government Green Paper on welfare, designed to clarify the document's underlying approach, its merits and intrinsic weaknesses. In particular, it brings out some errors of perspective and some contradictions in the government document: the «fiscal illusion», which encourages a reduction in public health cover, thus worsening the macroeconomic sustainability of overall health expenditure; the emphasis on the family, which is nevertheless asked to increase its role of making up for the shortcomings in the welfare system.

[L; H; R] DEL FATTORE, Sandro, Gli indirizzi del Governo sul Welfare. Il commento critico della CGIL, in: La Rivista delle Politiche Sociali, N.1, Jan-March 2009.
"Government guideliness on welfare. Cgil's remarks"

In recent years the contrast between two perspectives of how the welfare systems should develop has become sharper. There are some who claim that giving importance to work, knowledge and education are decisive factors for growth; others claim that growth, development and productivity are alternatives that are incompatible with welfare systems. In recent months Italian government presented measures that are strongly directed towards this second position. The article discusses the contents of the Green Paper on welfare which dictates guidelines that will guide strategic choices on social policy.

[L; H; R] DRAGOSEI, Laura, Il Welfare del Libro Bianco. Diritti variabili per ciascuno, 19 February 2010, retrieved from:
http://www.nelmerito.com/index2.php?option=com_content&do_pdf=1&id=967
"The White Paper's Welfare. Varying Social entitlements for each and every one "

The article provides a critical assessment of the White Book on welfare which the Labour Minister Sacconi issued in the Spring of 2009 by highlighting the limits of the new vision on "opportunities and responsibility" which is supposed to underpin future social protection reforms.

[L; H; R] PENNACCHI, Laura, La rimozione della cittadinanza. Il futuro del modello sociale secondo il Libro Bianco, Novembre-December 2009, Notiziario Inca, n10/2009, p. 113.
"The removal of citizenship. The future of the social model according to the White Paper"

The author recalls that The White Paper on the Future of the Social Model – La vita buona nella società attiva – presented on 6 May 2009 by the Minister of Labour, has been widely criticised for the vagueness of its positions and because of the gap existing between good purposes and the actual policies which the government has put in place. According to the author, there are three more critical points: 1) the alteration of the constitutional framework of citizenship; 2) the substantial reduction of public and collective responsibility; 3) the design to privatise key components of the Italian social model, concerning in particular the health and pension sector.

[L; H; R] PIZZUTI, Felice R., (ed.), Rapporto sullo stato sociale 2010. La grande crisi del 2008 e il Welfare State, 2009, Milan, Academia Universa Press.
"Welfare State Report 2010"

The report analyses the connections between the economic and social crisis and the welfare state. It also analyses the evolution of social protection in Europe and in Italy, by focussing on the following aspects: poverty and inequality, immigrant flows and their impact on welfare institutions, the effects of demographic trends and changes in the labour market, the prospects of the Italian public pension system and of second pillar private schemes.

[L; H; R] MINISTERO DEL LAVORO, DELLA SALUTE E DELLE POLITICHE SOCIALI, Libro Bianco sul Futuro del Modello Sociale. La vita buona nella società attiva, May 2009, Rome, retrieved from: http://www.lavoro.gov.it
"White Book on the Future of the Social Model. Good life in an active society"

The purpose of the document is to outline the overall strategy that the Centre-Right majority wants to pursue. However, the document is primarily concerned with outlining principles and goals rather than specific policy implications. In the context of shrinking resources, the White Book calls for a new model of welfare primarily based on "opportunities and responsibility" and on a more prominent role to be played by families; considering that in the Mediterranean welfare model the family has traditionally exerted a clearing house role, it is unclear how it could take on an even larger share of responsibilities and caring functions. The White Book also suggests enhancing the role of the social partners in extending private insurance schemes to complement public provision in the pension system and in the health care sector: a prospect which could increase even further the gap between over and under-protected citizens – as the data on coverage by supplementary pension funds clearly indicates.

5 List of Important Institutions

AGENAS, Agenzia Nazionale per i Servizi Sanitari Regionali – National Agency for Regional Health Services

Address: Rome
Webpage: http://www.agenas.it

AGENAS is a public agency which provides technical support to the Ministry for Labour, Health and Social Policies but also to the Regions, concerning development strategies for the National Health Service. AGENAS also works in close cooperation with the State-Regions Board. Its mission includes evaluating whether and to what extent the Regions effectively guarantee health care standards. Further, it is responsible for monitoring health costs, system innovations but also waiting lists, and elaborating proposals on how to improve organisational arrangements.

Banca d'Italia – Central Bank of the Republic of Italy

Address: Via Nazionale, 91, 00184 Rome
Phone: 0039 (0) 06 47921
Webpage: http://www.bancaditalia.it

The Bank of Italy is the central bank of the Republic of Italy and part of the European System of Central Banks (ESCB) and the Eurosystem. It is a public-law institution and pursues aims of general interest in monetary and financial matters: price stability, the primary objective of the Eurosystem under the Treaty establishing the European Community (the EC Treaty); the stability and efficiency of the financial system, thus implementing the principle of the protection of savings embodied in the Constitution (Article 47(1) "The Republic encourages and protects saving in all its forms, it regulates, coordinates and controls the provision of credit"); and the other duties entrusted to it by Italian law. In performing its tasks the Bank operates autonomously and independently, in compliance with the principle of transparency and the applicable provisions of Community and Italian law. Consistently with the public nature of its functions, the Bank prepares information and data for maximum dissemination. It publishes various economic and legal publications, among others Annual Reports, Economic Bulletins, Regional Reports, Legal Research Papers, Economic Working and Occasional Papers.

CEIS, Centre for economic and international studies – University of Rome "Tor Vergata", Rome

Address: Rome
Webpage: http://www.ceistorvergata.it/

The Centre of Economic and International Studies (CEIS) is an internationally recognised research centre within the Faculty of Economics at the University of Rome, Tor Vergata. Its mission is to conduct high quality policy-relevant research on emerging economic issues that call for innovative and impact-oriented responses from the academic community; promote advanced training leading to post graduate degrees in key areas of economics thus empowering graduates to forge ahead and succeed in the field of economics. CEIS is dedicated to the generation and dissemination of outstanding research and analysis for the promotion of sustainable economic development, expanding and improving public policy options in Italy and around the world. Its research agenda covers diverse areas and fields of economics emphasising global macroeconomics topics, development and growth theory, international money and finance, energy and environment among others. One of the most important publications is the annual Health Report.

Centro Studi Investimenti Sociali (CENSIS) –

Address: Rome
Webpage: http://www.censis.it

Description: Censis was founded as a social study and research institute in 1964, becoming a legally recognised Foundation in 1973 through Presidential Decree. In the last years Censis has conducted more than 60 research projects annually for a variety of clients, for the private and for the public sector, at local, national and international level. The most important areas of interest of Censis activities include: Education*;* Labour market*;* Welfare *policies;* Health*;* Local development*;* Cultural policies*;* Information; Mass media; Security, *irregular migrants flows, trafficking of human beings. It has gained the reputation of being one of the most prestigious national research institutes in social sciences and economics. The main publication is the Annual Report.*

CERP – Center for Research on Pensions and Welfare Policies

Address: Moncalieri, Turin
Webpage: http://cerp.unito.it/

CeRP is a research centre in Italy with a specific focus on pension economics and the economics of ageing. The main research topics include pension systems design, reform and evaluation; households' saving; retirement patterns, paths and choices; life insurance and annuities; intra/intergenerational redistribution induced by different pension systems; public policies and incentives towards retirement savings; intergenerational accounting; welfare policies directed at the elderly; participation in supplementary pensions; governance and financial aspects of pension funds. Research is performed both at the micro and at the macro level, and a special attention is devoted to policy aspects. CeRP is a research centre of the "Collegio Carlo Alberto". An important role is given to the dissemination of the research output, through conferences, seminars, publications and contributions to the debate on pension issues. CeRP has published several volumes and produces an important Working Paper Series.

CNEL, Consiglio Nazionale dell'Economia e del Lavoro – National Economic and Social Council

Address: Rome
Webpage: http://www.cnel.it

The National Economic and Social Council has a consultative role with respect to Parliament and the Executive. CNEL was established in 1957, according to article 99 of the Italian Constitution. It can initiate legislation and contribute to policy making in the economic and social field within the limits set by ordinary laws.

COVIP, Commissione Vigilanza Fondi Pensione – Pension Fund Supervisory Commission

Webpage: http://www.covip.it/homepage.htm

COVIP is an administrative authority which is responsible for controlling the management and activity of supplementary pension funds. It submits a yearly Report to the Minister for Labour, Health and Social Policy covering its monitoring activity and providing statistical information on supplementary pension schemes. It should guarantee information transparency and appropriateness in the management of private pension funds. It can also propose legislative reforms in the relevant field.

FEDERSANITA' ANCI – Local Health Units and Municipalities' organisation for health and social care services

Address: Rome
Webpage: http://www.portal.federsanita.it/

Federsanità-ANCI is the national representative body of Local Health Units and Municipalities concerning all the aspects related to the integration of health and social care services.

IRS, Istituto per la ricerca sociale – Institute for social research

Address: Via XX Settembre 24, Milan; Via Castiglione 4, Bologna; Via Etruria 47, Rome

Webpage: http://www.irs-online.it

IRS is a wholly independent, non-profit cooperative currently counting 60 members. Its proceeds derive exclusively from activities developed specifically for its clients. Its work is based on a multidisciplinary, fully integrated approach. IRS is part of various international research centre networks and closely collaborates with prestigious universities and qualified experts. IRS is articulated in seven areas: The Labour Market and Industrial Relations; Nonprofit; Administrative Policies; Training and Labour Policies; Enterprise and Industry Policies ; Social and Health Policies and Services; Urban Policies. One of the main publication is Prospettive Sociali e Sanitarie.

ISFOL, Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori – The Italian Institute for the Development of Vocational Training for Workers

Address: Rome

Webpage: http://www.isfol.it

ISFOL is a public research body implementing and promoting studies, research and evaluation activities as well as information, advice and technical assistance actions in the area of vocational training, social and labour policies. The Institute's activities mainly contribute to improving human resource standards and increasing labour placement and social inclusion.

ISTAT, Istituto nazionale di statistica – The Italian National Institute of Statistics

Address: Rome

Webpage: http://www.istat.it

The National Institute of Statistics (Istat) has been working since 1926 as the main supplier of official statistical information in Italy. It collects and produces information on Italian economy and society and makes it available for study and decision-making purposes.
Istat is a public research body acting in full autonomy, governed by a President and a board of directors that plan, direct and evaluate its activities.
Books published by Istat – all available in the Virtual Bookshelf in Italian language – are collected in series (Yearbooks, Information, Subjects, Methods and Rules, Statistical Annals, Statistical Indicators, Essays) and by subjects.
Among the general publications the Annual Report analyses emerging phenomena, the Italian Statistical Yearbook summarises the results of the main surveys conducted by Istat and other National Statistical System bodies, the Monthly Statistical Bulletin updates current information.

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