



## **Annual National Report 2009**

### **Pensions, Health and Long-term Care**

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On behalf of the  
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## 1 Executive Summary

This report describes the Lithuanian pension, health care and long-term care systems, the social policy research landscape and finally outlines the Government response to the current economic crisis. Each of the three main topics is discussed in terms of the current system, funding arrangements, reforms including the Government Programme following the October 2008 election, challenges and current debates.

The contributory pensions system under the State Social Insurance Fund (SoDra) pays out five main types of pensions: old-age pension, early retirement pension, work incapacity pension, survivor's/orphans pension and scientists' pension. Each of these is discussed in terms of entitlement conditions, the formula used for calculation, number of recipients and total expenditure. SoDra pensions are funded mainly by contributions; however, following a year of high expenditures, SoDra faces considerable challenges. There has been no structural reform to the pensions system in 2008, but reforms in other parts of the contributory benefits system have contributed to the financial squeeze. The Government Programme effectively aims to increase the spread and cost of pensions, though it is not clear whether these proposals have been costed or are simply expressions of political intent. Challenges include the current financial situation of SoDra, the informal economy contributing to a loss of contributions income, the low replacement rate of 45%, inequalities between men and women in terms of pension income, and the longer-term demographic trend. The main current debate relates to changes to the private pensions system (see below).

Public sector health care is funded by the State Patient's Fund (SPF), which receives its funding from contributions, as well as from the state budget for those not insured through salary deductions or direct contributions. In addition there is a growing private sector for which 27% of total national health expenditure is used. Due to historic underfunding, health care quality and availability is still limited, although expenditure has been growing in real terms in recent years. Limited reforms have taken place in the period covered by this report (2008- April 2009), and some planned reforms (e.g. the Mental Health Strategy) have not been implemented. The Government Programme proposes voluntary health insurance, increased self-responsibility of the population, and a system of co-payments for the more expensive services. The main challenges and debates relate to informal payments made to doctors, and the continuing high reliance on hospital-based care. The Parliamentary Ombudsman has carried out some investigations into the health service, but this is only a small part of his overall workload.

The long-term care system is funded by the SPF, municipalities and user-fees; services are provided in hospitals and nursing homes. The population of these homes has remained relatively stable, and while there is an intent to develop more community-based care, in practice this remains limited, and there is no extant policy document relating to this. The Government Programme sees the family as the first source of care, though it also talks about increasing community-based care. Challenges include the continuing reliance on inpatient care, and recently the National Audit Office produced a critical report on the efficiency of long-term care.

Research into applied social policy in Lithuania is very limited; there appears to be a gap between Government and research establishments. Much research commissioned by the Government is not published; there are doubts about evidence-based policy-making.

The financial crisis has led to the greatest controversy in terms of pensions, whereby the part transferred by SoDra into private pensions funds has been reduced from 5.5% to 2%, although, depending on the viewpoint, this may be more or less beneficial. The SPF has reduced its funding per treatment by 11%; some hospitals have reduced staffing, in others unpaid leave is taken. In the long-term care sector little has changed, given that the Government is rather 'stuck' with the number of persons in residential institutions (a consequence of existing policies).

## 2 Current Status, Reforms as well as the Political and Scientific Discourse

### *General Background*

The political and economic landscapes of Lithuania in 2008/09 were affected considerably by two significant events: the election of a conservative government led by the Homeland-Union Christian Democrat Party, after over seven years of social-democratic rule, and the world economic crisis. The new Government's desire to cut public spending coincided with (a then not as severe as now [May 2009] experienced) economic downturn, leading to an austerity budget (including the convergence programme<sup>1</sup> in relation to the Maastricht requirements) which focuses particularly on reducing the budget deficit. The three priorities included (Article 23):

Managing the fiscal policy in line with social policy priorities.

Continuing the already begun energy policy reform.<sup>2</sup>

Implementing pensions reform (though temporarily, in 2009 and 2010, reducing the funds available for this).

This was supported by changes in taxation, e.g. an increase in the rate of VAT from 18 to 19%,<sup>3</sup> including increases in VAT for medicines and home heating from 5% to 19%, changes to income tax as well as alcohol, cigarette and petrol taxes,<sup>4</sup> in addition to severe budgetary cutbacks, e.g. reducing the funding for the European Capital of Culture Year 2009.

The current population of Lithuania numbers 3,343,500 residents (April 2009).<sup>5</sup> The exchange rate of the LTL against the EUR is fixed at EUR 1 = LTL 3.4528.

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<sup>1</sup> Lithuanian Republic Resolution on the 2008 Convergence Programme, No 30, 21 January 2009.

<sup>2</sup> EU accession legislation requires the closure in 2009 of the Ignalina Nuclear Power Station, which provides 70% of Lithuania's electricity. Plans for its replacement have been subject to discussion for many years.

<sup>3</sup> Law on changing paragraphs 2, 19, 51, 56, 58, 91, 125 of the Value Added Tax Law, No XI-114 of 23 December 2008.

<sup>4</sup> Law on Changing the Resident's Income Tax Law Paragraphs 2, 3, 5, 6, 7, 8, 9, 10, 12, 131, 16, 17, 18, 19, 20, 21, 22, 23, 27, 29, 30...', No XI 111 of 23.12.2008, [http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc\\_l?p\\_id=334556](http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc_l?p_id=334556).

<sup>5</sup> Statistics Department webpage, [www.stat.gov.lt](http://www.stat.gov.lt).

## 2.1 Pensions

### 2.1.1 Description

All pensions, apart from private pensions (paid through annuities), are paid by the State Social Insurance Fund (SoDra). While most pensions are contributory, on a pay-as-you-go system, there are also state pensions for particularly 'deserving' persons (e.g. the President, victims of persecution etc.) which are funded by the state budget and paid through SoDra.

#### 2.1.1.1 Old Age Pension ('Senatvės pensija')

Lithuania has the classic four-pillar old-age pensions system, consisting of (Pillar 0) a basic pension of LTL 360 (EUR 104.27)<sup>6</sup> per month, an additional pension (Pillar 1) based on previous earnings, as well as, since 2003, private pensions availability,<sup>7</sup> called 'pensions accumulation' (Pillar 2), whereby contributors to the state pensions system have part of their contribution transferred to private pensions funds. In addition, it is possible to directly invest in private pensions funds (Pillar 3).

The first two of these are funded by contributions made to the Social Insurance Agency ('SoDra'). Until the end of 2008, employers contributed 31% and employees 3%, covering also unemployment benefits, sickness benefits, benefits for those injured at work, and maternity/paternity benefits. From 2009 employers contribute between 30.98% and 31.7% of the gross salary (covering the same range of pensions and benefits as before), depending on risk factors in relation to accidents at work. Employees pay 3% towards their pension plus 6% for health insurance,<sup>8</sup> by direct deduction from their salary. Self-employed persons, who previously paid 15% of the minimum wage and 50% of the basic pension (in 2008 this totalled LTL 2,446 [EUR 708]), in 2009 have to pay 10% of their income for pensions, sickness benefits and maternity/paternity pay, with a view to this rising to 28.5% by 2011.<sup>9</sup> Thus anyone who earns more than 7100 Euros per year from self-employment will, by 2011, be significantly worse off. For self-employed persons there is an upper ceiling of LTL 71,424<sup>10</sup> (EUR 20,925; 48 times the monthly insurable income set by the state) from which this percentage will be taken.

The basic pension depends only on the recipients insurance period (for the full basic pension this currently is 30 years for men and 29 years for women, with retirement ages of 62.5 and 60 respectively). The additional pension depends both on the insurance period and the contributions paid, and is calculated by a formula set by the state. This formula is:

110% of the basic pension + 0.005\*(the period of work\*the standard insured salary [as stated by the Government])\*a coefficient between 0.01 and 5,<sup>11</sup> for each of the period before 1

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<sup>6</sup> Ministry of Labour and Social Affairs, Statistics page <http://www.pensijusistema.lt/index.php?1612077082#4> .

<sup>7</sup> Ibid.

<sup>8</sup> This is compensated by a drop in the rate of income tax from 24% to 15%.

<sup>9</sup> SoDra, Portal for those insuring in the social insurance system, <http://draudejai.sodra.lt/lt/>.

<sup>10</sup> Ibid: SoDra, information on self-employed persons.

<sup>11</sup> Before January 1994 the calculation looks at the five most favourable years between 1984 and end 1993; the 'most favourable years' fall out of the calculation for work from 1994. (In 1994 the pensions system changed with the introduction of individual pensions accounts; prior to that it had been linked to the company contribution level). The average remuneration for work in 1984 is set at 1.84 LTL per month (0.53 EUR).

January 1994 and the period after), with the coefficient reflecting the actual salary compared to the standard insured salary.<sup>12</sup>

In addition those who worked more than the required number of years for the full pension receive an additional 3% of the basic pension for each of those years. The minimum contribution period for receiving any pension is 15 years. In March 2009 the average old age pension was LTL 831.46 (EUR 240.80)<sup>13</sup> – heating bills for an average 60 sqm flat during the six winter months could be up to LTL 350<sup>14</sup> per month.<sup>15</sup>

Since 2004 it has been possible for both employed persons and for those self-employed to pay into private pension schemes ('pension accumulation'). For those employed 5.5%<sup>16</sup> (until the end of 2008) of their pensions contribution is transferred, by SoDra, into a private pensions fund chosen by the contributor. In January 2009, in response to the economic crisis, the rate for 2009 was reduced to 3%,<sup>17</sup> on 6 April 2009 the rate was further reduced to 2% from July 2009 to December 2010,<sup>18</sup> and sources in Sodra state that the Government is discussing reducing this further to 1%. Theoretically after this reduction period the transfer rate should return to the 5.5%. From this contributors will have to buy, at the end of the contribution period, an annuity which pays a pension for life. If the sum saved is insufficient to buy an annuity, they will receive a lump sum or part of the funds can be paid to them periodically<sup>12</sup>. Currently only one company, Ergo Lietuva, is registered with the Insurance Supervision Commission<sup>19</sup> for paying annuities. It is up to the annuity provider and the customer whether such an annuity may be subject to periodic increases. Market losses suffered by the pension fund are not made good by SoDra – the idea of making contributions to private sector pensions providers is 'sold' on the expectation that the market performs better than SoDra.<sup>20</sup>

The losses to SoDra resulting from the transfer of the pensions contributions is partly reimbursed to SoDra by the state (hence the 2009 reduction). However, the rate of reimbursement is not set down by law; this creates considerable uncertainty and vulnerability to the SoDra cashflow. 982,192 persons<sup>21</sup> (71% of the group eligible) were signed up by April 2009 to the pensions accumulation system. 1430 persons received additional pensions from this source.<sup>22</sup> Self-employed persons can make their own contributions directly to pensions funds set up by banks and insurance companies (Pillar 3); employed persons can invest in these, too, in addition to funds transferred from their SoDra contributions. These are tax-deductible up to a limit of 25% of income, for all tax-deductible items (including also life insurance policies etc) – for employed persons the pension contributions transferred by SoDra are not tax deductible.

<sup>12</sup> SoDra document on retirement pension, provided by SoDra 7 May 2009, also <http://www.sodra.lt/index.php?cid=336>.

<sup>13</sup> Ministry of Social Protection and Labour, <http://www.socmin.lt/index.php?1713385148>.

<sup>14</sup> calculated from personal heating bill for February 2009.

<sup>15</sup> Heating in cities, provided by municipalities, is not controllable by the user. Poorer pensioners are unlikely to be in a position to install independent heating systems.

<sup>16</sup> Webpage on the new capital-based pensions system, <http://www.pensijusistema.lt/index.php?1612077082#4>.

<sup>17</sup> New Pensions System website, <http://www.pensijusistema.lt/index.php?-1008263730>.

<sup>18</sup> New Pensions System website, <http://www.pensijusistema.lt/index.php?-1998360954>.

<sup>19</sup> Insurance Supervisory Commission website of registered annuity providers, <http://www.dpk.lt/imones.phtml?saka=5>.

<sup>20</sup> New Pensions system website leading to pensions calculator, <http://www.pensijusistema.lt/index.php?863312606>.

<sup>21</sup> SoDra Statistics website, <http://www.sodra.lt/index.php?cid=280>.

<sup>22</sup> SoDra, Interview with director, 23 March 2009, [http://www.sodra.lt/index.php?cid=709&new\\_id=4207&page\\_nr=&year=2009&month=03&forma=form\\_0](http://www.sodra.lt/index.php?cid=709&new_id=4207&page_nr=&year=2009&month=03&forma=form_0).

At the end of 2008, the old age pension was paid to 597,692 persons<sup>23</sup> or 17.9% of the population. The average old age pension at that time was LTL 809.73<sup>24</sup> (EUR 234.51) per month. Counting only those with at least the full required contribution record, the average was LTL 830.18 (EUR 240.42).

### **2.1.1.2 Early Old-Age Pension (Išankstinė senatvės pensija)**

This is paid to persons who have completed the full number of years to receive a pension (30 years for men, 29 for women), are within 5 years of retirement age, and who have been registered as unemployed for at least one year,<sup>25</sup> they have to be able to work. There are special rules covering exemption periods for mothers with five or more children under the age of 8, persons who have nursed a child with more than 60% loss of capacity for at least 15 years, or persons who have nursed totally disabled persons for at least 15 years (who will not receive an exemption of more than 15 years). At the same time they need to be unemployed and not receive any other type of pension or social assistance.

The rate of payment is the (future) old age pension, minus 0.4% for each month prior to pension age in which they receive this early old age pension (thus a person retiring 5 years early will have a reduction of  $60 \times 0.4\% = 24\%$ ).

At the end of 2008, the early old-age pension was paid to 6,853 individuals; the number has been steadily reducing from a high of 8,510 persons in the first quarter of 2007. This may change as a result of the economic crisis. The average pension for this group in the fourth quarter of 2008 was LTL 592.60 (EUR 171.63).

### **2.1.1.3 Survivor's/Orphans Pensions (Našlių ir našlaičių pensija)**

This is paid to persons, where the deceased person was qualified of old-age or work incapacity pensions, had the minimum social insurance pension record (15 years), and, if the person died after 1 June 1991, was a permanent resident of Lithuania. The survivor's pension is granted to a widow or widower who has either attained the old-age retirement age or who is incapable of work. Widows or widowers who have no children with the deceased person can only receive the pension if the person died a year after the legal registration of marriage. If they remarry, they lose the pension.<sup>26</sup> This pension can be paid in addition to other pensions. The amount payable has been based on LTL 70 (EUR 20.27) since January 2007, plus a little extra (see below).

This pension was paid to 224,989 persons at the end of 2008, given that many survivors are elderly women and it can be paid in addition to the old age pension, it cannot be clearly stated how many persons only receive the survivor pension. In addition there were 9,350 recipients of (the former) breadwinner loss pensions.

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<sup>23</sup> SoDra statistical webpage, <http://www.sodra.lt/index.php?cid=283>.

<sup>24</sup> SoDra website showing average pensions <http://www.sodra.lt/index.php?cid=283>.

<sup>25</sup> SoDra document describing early old-age pension (provided by SoDra, 7 May 2009), also <http://www.sodra.lt/index.php?cid=338>.

<sup>26</sup> SoDra document describing survivor's pensions (provided by SoDra, 7 May 2009), also <http://www.sodra.lt/index.php?cid=339>.

The legal requirements mean that it is unlikely that any survivor of a person of, say, 30 years of age, might receive such a pension. In addition, a 'death-bed marriage' seems rather pointless, especially given the low rate of this pension.

The orphan's pension is paid to the deceased person's children under 18, or if they remain students of general education schools, until they reach the age of 24. The orphan's pension is 50% of the deceased person's work incapacity pension (which they might have been entitled to), had they received it, or the state old age pension, if the deceased person was of pension age. If there are two or more children, the maximum payment is 100% of this pension, shared equally between the children (whether there are 2 or 10 children). If the deceased person actually received an incapacity pension for 45-55% incapacity, the 50% reduction is not made. The orphan's pension is uprated in line with the qualifying pensions (real or assumed). If two parents have died, the children receive such a pension for each parent. If, following this, the children are adopted and the adoptive parent dies, too, the child receives the higher of the two pensions (either adoptive or biological parent).

At the end of 2008, the number of recipients for these pensions was 40,576. The average survivor's (widows/widowers) pension in the fourth quarter of 2008 was LTL 77.82 (EUR 22.54), and the average orphan's pension was LTL 296.26 (LTL 85.80). The average breadwinner loss pension (for recipients of the former system) was LTL 480.03 (EUR 139.26).

#### **2.1.1.4 Work Incapacity Pensions (Netekto darbingumo pensija), previously Invalidity Pension (Invalidumo pensija)**

These are paid to residents of Lithuania who are recognised incapable or partially capable of work by the Disability and Capacity for Work Establishment Office. 'Incapable of work' means that the person needs to be 75% or more disabled; 'partially capable of work' means that the person has lost 45-70% of their work capacity.<sup>27</sup> The amount payable depends on the person's age and both their minimum state insurance record and the obligatory state insurance record (if the obligatory record is not reached, a partial pension is paid).

The calculation is the same as that for the old age pension (in the case of those with less than the obligatory insurance record, the basic amount is reduced). Then the level of pension depends on the level of disability. Those (with the obligatory insurance record) with a 75% or more level of disability will receive 150% of the basic pension part plus supplementary components, those with a disability level from 60% to 70% will receive 110% of the basic pension part plus supplementary components; those 45% – 55% disabled will receive half the basic pension of that paid to the next higher group (i.e. 55%) plus supplementary parts – but this group will only receive 1.5% of the basic pension for each year over and above 30 years' labour/insurance record, rather than 3% as the other groups.

199,133 persons received this pension at the end of 2008, plus 99,529 persons who continued to receive the older invalidity pension<sup>17</sup> (abolished in July 2005,<sup>28</sup> following a revision of the disability assessment system). The average monthly payment for work incapacity pension in the fourth quarter of 2008 was LTL 598.20 (LTL 173.25), with the average invalidity pension at the same time at LTL 726.18<sup>20</sup> (EUR 210.32).

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<sup>27</sup> One assumes that the incapacity rating goes up in 5% steps, otherwise there would be a gap between 70% and 75%.

<sup>28</sup> Ministry of Social Protection and Labour website, <http://www.socmin.lt/index.php?-1374594949>.



### 2.1.1.5 Scientists' pensions

These are paid to scientists (persons with a PhD, or habilitated doctors, working at Lithuanian state scientific or educational institutions) who have worked in these institutions for at least 10 years from the date of receiving their title, and who are either retired or who have lost 60% or more of their working capacity. Periods worked in such a capacity after the age of 65 are not included. They receive 10% of the social insurance pension base<sup>29</sup> (LTL 200, EUR 57.92) for each year worked as such, or 5% if they were habilitated doctors.

In addition to these, SoDra also funds other benefits, e.g. maternity/paternity benefits, sickness benefits, and it contributes to unemployment benefits (of the approximately 31% SoDra contribution for employees, 1% goes towards unemployment benefits).<sup>30</sup> While these do not fall within the remit of this report, they do considerably impact on the SoDra budget, especially given recent changes to the maternity/paternity benefits system (see under Financial Aspects) and the currently very rapid growth in unemployment.

### 2.1.2 Financial aspects

At the end of 2007 SoDra held a positive balance of LTL 1.373 billion (EUR 397.6 million). Due to many legal changes and parliamentary decisions leading to a major increase in unplanned expenditures, these reserves had to be used to cover expenditure not planned for 2008.<sup>31</sup> These included:

Table 1: 2008 – Reasons for unforeseen expenditures

Month	Reason	Cost
January 2008	Increase in retirement pension	LTL 143m
January 2008	Increases in maternity/paternity pay including extension of the payment term from 1.5 to 2 years (infant's age)	LTL 341m
August 2008	Further increase in retirement pension (totally unplanned for)	LTL 320m
Through the year	Payment of pensions previously withheld from working pensioners	LTL 221m
Through the year	Higher than expected expenditure for sickness benefits (due to increase in wage rates and the number of days paid for)	LTL 64m
Through the year	Higher than expected expenditure for unemployment benefit (to ensure timely payment of unemployment benefit)	LTL 4.3m

Source: [www.sodra.lt](http://www.sodra.lt)

<sup>29</sup> This is not the same as the basic social insurance pension (LTL 360).

<sup>30</sup> Sodra Information Page for insurers, <http://draudejai.sodra.lt/lt/>.

<sup>31</sup> SoDra Press release, [http://www.sodra.lt/index.php?cid=709&new\\_id=3833&page\\_nr=&year=2009&month=01&forma=form\\_0](http://www.sodra.lt/index.php?cid=709&new_id=3833&page_nr=&year=2009&month=01&forma=form_0).

In 2008 SoDra's income was LTL 11.135 billion, with an expenditure of LTL 12.344 billion<sup>32</sup> (including all benefits and pensions, such as maternity/paternity pay not covered by this report).

Table 2: Income and Expenditure of SoDra 2003-2008

in million LTL	2003	2004 (data not available)	2005	2006	2007	2008 (preliminary data)
income	4887		6391	7800	9759	11135
expenditure	4703		6130	7245	9283	12344
difference	184		261	555	476	-1209
Expenditure as part of GDP	8.3%		8.5%	8.8%	9.5%	11.1%

Source: [www.sodra.lt](http://www.sodra.lt)

Figure 1: SoDra Income Expenditure 2003-2008

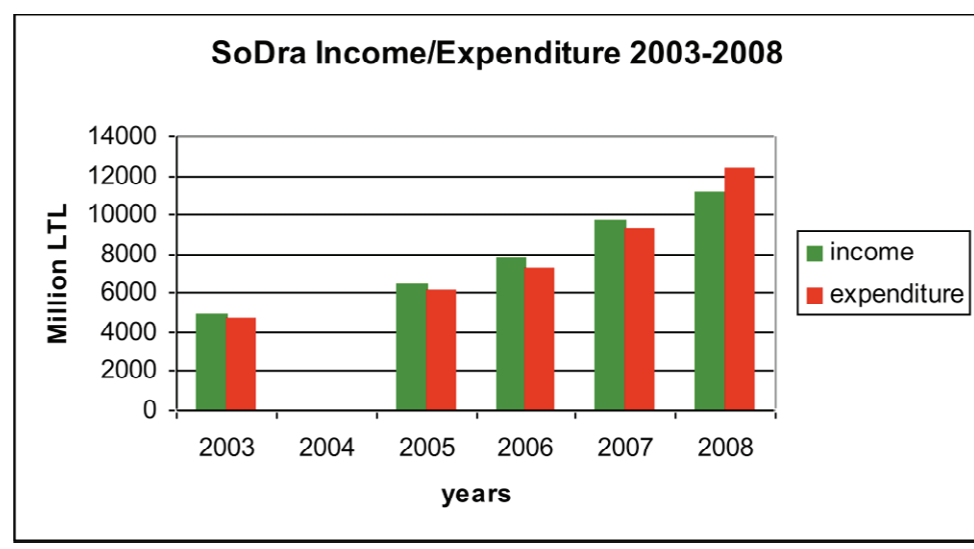


Table 2 and Figure 1 show that after a number of years with positive income/expenditure balances, the figures for 2008 have changed significantly, for the reasons shown in Table 1 above. This makes for a difficult start into a year faced by an economic crisis. In addition, as part of the GDP<sup>33</sup>, social protection expenditure (from SoDra sources only – social assistance is paid by municipalities) has risen to its highest ever proportion of GDP, with a rise of 16.8% between 2007 and 2008. Given the promises of the previous Government in terms of

<sup>32</sup> According to the press release, this is LTL 64 m more than planned – but the gap is LTL 1.209 billion.

<sup>33</sup> National Statistics Department, Data on GDP, <http://db1.stat.gov.lt/statbank/selectvarval/saveselections.asp?MainTable=M2010201&PLanguage=0&TableStyle=&Buttons=&PXSId=5994&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

repayments to pensioners who worked during 1995 – 2002 and were not paid their pensions<sup>34</sup> and the rapidly contracting economy, the GDP share of social protection expenditure in 2009 is likely to increase considerably.

### 2.1.3 Reforms 2008 - 2009

2008 did not see any significant reforms in the pension system, or even the wider social insurance system, other than a further increase in the duration of entitlement for maternity/paternity benefit. A number of adjustments and small changes were made, which then reflected themselves in the additional costs (Table 1). It is likely that these were motivated both by the relatively high reserves held by SoDra at the end of 2007 (LTL 1.373 billion) and the election in October 2008, in addition to there being little sign of a catastrophic economic crisis at the beginning of the year. Anecdotal evidence suggests that the pre-October 2008 minority Government was under considerable pressure from the (then) opposition to introduce/increase benefits – the consequences are now clear.

No effort has been made so far to equalise the currently differential pension ages for men and women. Between 1995 and 2006 they were brought closer together (raising male retirement age from 60 to 62.5 years, and female retirement age from 55 to 60<sup>35</sup>), but the Ministry of Social Protection and Labour reports that while increasing and aligning pensions ages is being considered, there are no ‘concrete decisions’.<sup>36</sup>

From 2010 a new system of pensions calculation will be introduced. Originally it was planned to use, for the period 1984-1993, the salary coefficient for 1994. Modelling, however, showed that this might mean that some pensions would be reduced as a result of this. This, however, would be ‘political suicide’ in a country with a low replacement ratio. Hence, from January 2010, the calculation for the years 1984-1993 will be based on the five consecutive most favourable years after 1994.<sup>37</sup>

The main reform carried out in 2008/09 is that of the tax and social insurance contributions system, in response to the economic crisis, referred to in various parts of this section.

### 2.1.4 Government Programme

The programme of the conservative coalition government which came to power after the 18 October 2008 election states that it inherited many problems, due to, amongst others, ‘cynical selfishness of public authorities and institutions; lack of transparency and rampant corruption regarding the activities of public authorities; unequal and interest-governed justice’ by its predecessor.

The Government Programme makes a number of suggestions in relation to pensions:

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<sup>34</sup> This was a result of a judgement by the Constitutional Court that pensions were withheld illegally from these working pensioners, since pensions are considered to be ‘private property’.  
<http://www.lrkt.lt/dokumentai/2003/s030513.htm>.

<sup>35</sup> Ministry of Social Protection and Labour page on retirement pensions, table of retirement ages 1995-2006, Senatvės pensijos amžiaus lentelė.

<sup>36</sup> Response by Ministry of Social Protection and Labour to written enquiry, 12 May 2009.

<sup>37</sup> Ministry of Social Security and Labour pensions page, <http://www.socmin.lt/index.php?-602174385>.

- In the fight against corruption, ‘dishonest [civil] servants’ will lose all their pension entitlement (paragraph 59)
- The supervision of the management of the financial sector will be strengthened (paragraph 267)
- Teachers with a minimum of 25 years experience will be entitled to earlier retirement and an earlier retirement pension (thus, someone who started teaching aged 25, could retire at age 50, in an environment of a rapidly ageing population) (paragraph 570).
- A social protection plan for artists will be created, to provide them with pensions; (paragraph 644).
- A social insurance improvement programme will be developed to encourage the relative growth of old age pensions, together with creating preconditions for a wider application of private pensions contributions (paragraph 675); even though, in the introduction to the social policy section, the Government programme refers to criticisms by the National Audit Office of the performance of private pension funds.<sup>38</sup>
- Maternity/paternity payments will be revised to reflect longer-term incomes and the needs of mothers who have studied (or been involved in research; paragraph 676) and to not exceed 100% of their previous earnings while making [some] allowances for multiple births<sup>39</sup> (paragraph 677).

### 2.1.5 Challenges

The Government Programme’s call for reductions in state salaries, or slower increases in the salaries of some groups, together with the cancellation of the Law on the indexation of the minimum wage and state benefits (not pensions), the control of salaries in public enterprises, which together with other steps is estimated to save LTL 2 billion, together with pay cuts taken voluntarily by workers (anecdotal evidence suggests in some hospitals health workers are taking two weeks’ unpaid leave, staff at the opera house have agreed to an 8% pay cut etc), and the very rapidly growing unemployment, is likely to impact on the contribution-based income of the state social insurance and health insurance systems. On the other hand, given that it would be politically unacceptable to reduce pensions levels, a fall in the average salary could, by default, lead to an increase in the pension replacement rate, currently around 45%.<sup>40,41</sup>

While there is no requirement for the state budget to subsidise any shortfall in the SoDra budget, politically it would be very difficult to refuse to do so. SoDra states that it has a ‘good relationship with the Ministry of Finance’ – in the more distant past SoDra has had to take out commercial loans to deal with such situations.

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<sup>38</sup> Report on Social Insurance System Reform, ‘Socialinio draudimo sistemo reforma’, 2008, National Audit Office, <http://www.vkontrole.lt/paieska1.php>.

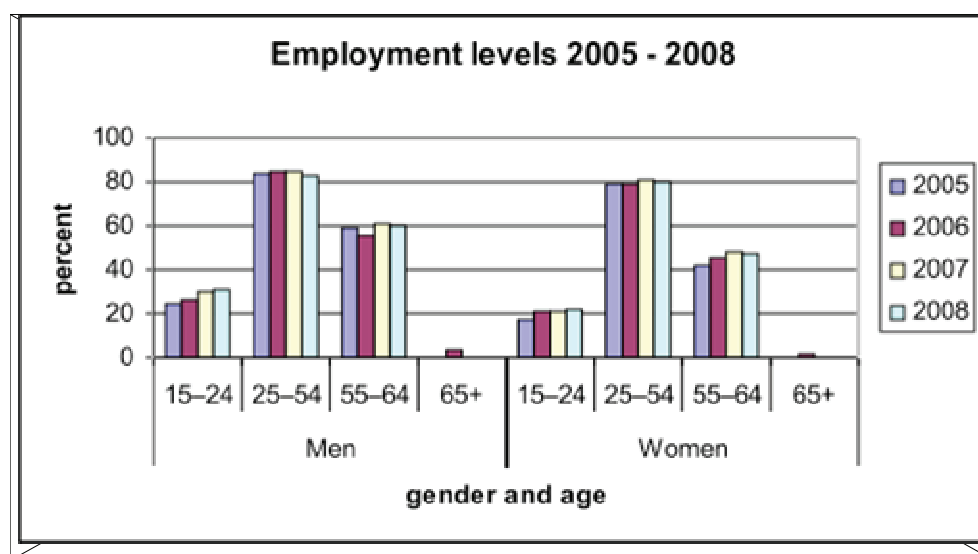
<sup>39</sup> Currently parents of multiple births receive maternity/paternity allowance at the rate of number of children multiplied by the maternity/paternity payment; thus parents of triplets can receive three times the rate of benefit (100% of the previous salary for the first year for each child; <http://www.sodra.lt/index.php?cid=329>).

<sup>40</sup> Ministry of Social Security and Labour statistics page, <http://www.socmin.lt/index.php?1713385148>.

<sup>41</sup> This estimate is based on the pension at the end of the first quarter of 2009, divided by the average net salary at the end of the last quarter of 2008. Unusually, the average salary for the first quarter of 2009 has not yet (mid-May 2009) been published.

The informal economy remains a concern. A TNS-Gallup poll carried out in December 2007 suggests<sup>42</sup> that 90% of interviewed persons considered tax avoidance as theft. The topic appears regularly in the media,<sup>43</sup> and is variously used to exhort the population to pay taxes, or the Government to reduce taxes. The payment of part of salaries in ‘envelopes’ (i.e. cash, without tax or social insurance contributions) remains a problem, the scale of which is difficult to estimate. An example is given<sup>44</sup> whereby someone is employed part-time, receives half the salary ‘through the books’ and the other half in an envelope in cash. This has not only an impact on tax and social insurance collection, but also on the calculation of average salaries and other data relevant to Government, pensions levels etc. Clearly also persons who receive salary parts in envelopes will only receive part of their full salary as maternity pay (pay rate is 100% of the salary), and it will affect their pensions, too. Hence most people (63%) are against such payments, but 15% still are happy to receive them. The recently changed tax and social insurance scheme should not impact on this greatly in terms of employees (overall employee costs remain broadly similar), but may have a considerable impact on the self-employed, whose tax and social insurance rate will increase dramatically (for a person earning, say, LTL 60,000 per year, after the tax-free amount, the tax and social insurance rate has increased from approximately 20% until the end of 2008 to 34% in 2009, 44% in 2010 and 52.5% in 2011,<sup>45</sup> there is a limit of LTL 71,424 for 2009 – for income above this level no health insurance or social insurance contributions need to be paid). This group is most vulnerable to tax evasion, as often experienced by the author by the first question asked when placing an order and asking about the price: ‘Do you need an invoice?’

Figure 2: Employment levels men and women 2005-2008



Source: Statistical Office; <http://db1.stat.gov.lt/statbank/default.asp?w=1024>

Figure 2 shows that employment levels have change most for people between 15 and 25, where employment has, by 2008 (employment level 25.6%), increased by 20.2% based on the

<sup>42</sup> Article on the grey economy, Vilnius Diena newspaper, 30 October 2008, ‘Ekonomikos lėtėjimas skatina šešėlinę veiklą’.

<sup>43</sup> article in Laikas newspaper, 23-29 May, Mokesčių našta tolina laisvą nuo mokesčių dieną.

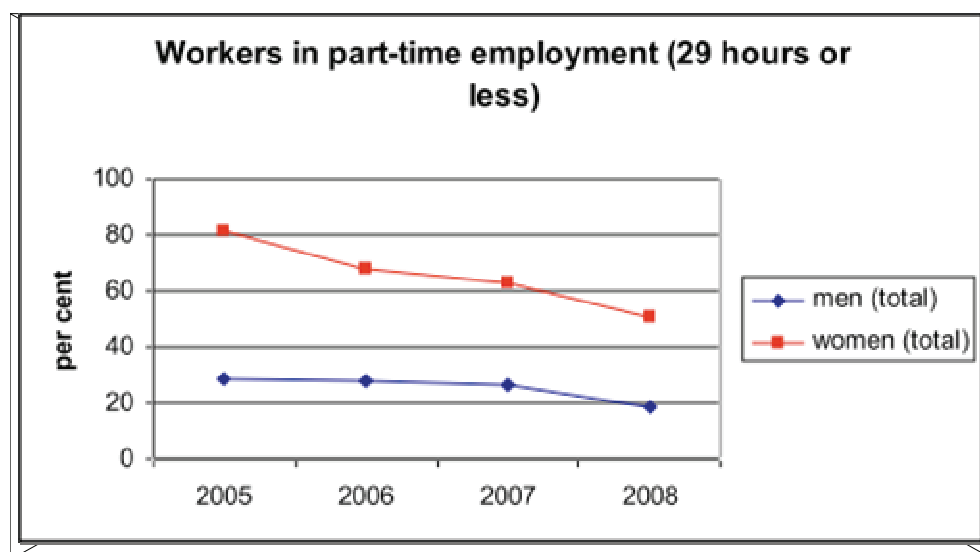
<sup>44</sup> Article in www.vz.lt on payments by ‘envelope’, Atlyginimai vokeliuose mažina verslo vertę.

<sup>45</sup> calculated from information on tax legislation <http://www.vmi.lt/lt/?itemId=1083652>, and social insurance legislation [http://draudejai.sodra.lt/portal/page/portal/ESD\\_PUBLIC/PAGE\\_PAYM/PAGE\\_PAYM1](http://draudejai.sodra.lt/portal/page/portal/ESD_PUBLIC/PAGE_PAYM/PAGE_PAYM1).

2005 level. Looking at the overall data (not shown in the table) for people between 25 and 54 the employment level has remained virtually steady (81%), and for those between 55 and 64 (51.8%) the employment level has increased by 7.5%. Data are not generally available for people older than 65 years. In terms of gender; employment has risen faster for men rather than women aged 15-24; for those between 25 and 50 it is almost equal; but in the age group 55-64 men are significantly more likely to be in work than women; this group is affected by the retirement ages of 62.5 years for men and 60 years for women (though the retirement age is not mandatory).

Given the percentage of women working part-time<sup>46</sup> (Figure 3, no data available by age group) this is likely to result in significantly lower pensions for women (there is no system of women benefiting from their husband's contributions, as in some other countries), even though men and women are treated equally in terms of the calculation of pensions entitlement. This is confirmed by the 2008 pensions levels<sup>47</sup> which were LTL 679.80 (EUR 196.88) per month for women, and LTL 852.30 (EUR 246.84) for men. (Widows will also receive LTL 70 widow's pension on top of their own pension, as will widowers.) As the level of full-time employment increases (barring the economic crisis) it is likely that the situation of women pensioners will improve, over some considerable time. Another worrying concern remains, though – according to the Department of Statistics, the gap between men's and women's average monthly income has increased from 16% to 19% in 2007 (last data available<sup>48</sup>).

Figure 3: Part-time employment (percentage of all workers)



Source: Department of Statistic <http://db1.stat.gov.lt/statbank/default.asp?w=1280>; M3030401: Užimtieji. Požymiai: įprastas dirbtų valandų skaičius per savaitę, gyvenamoji vietovė, lytis, ketvirtis

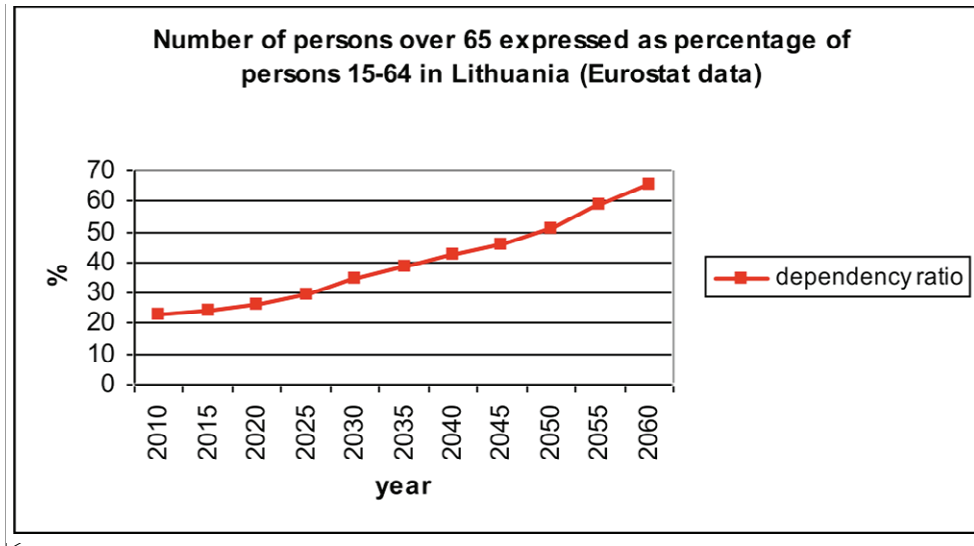
<sup>46</sup> Lithuania has no formal definition of the concept of 'part-time'. An employment lawyer suggests that 'part-time' is anything less than 40 hours work (e.g. 39 hours). The 29 hour definition used here is the author's.

<sup>47</sup> Department of Statistics, average pensions levels 2008. <http://db1.stat.gov.lt/statbank/selectvarval/saveselections.asp?MainTable=M3160404&PLanguage=0&TableStyle=&Buttons=&PXSId=5689&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=> (as pensions increased during that year, the average level for the year is lower than that shown for the end of the year elsewhere in the report).

<sup>48</sup> Department of Statistics, data on male and female average earnings, M3060821: Moterų ir vyrų darbo užmokesčio atotrūkis. Požymiai: metai (2000-2007).

In the longer term Lithuania will have to address the changing dependency ratio between retirement pensioners and people of working age. This is partly related to a projected dramatic population decline from currently 3.3 million people to 2.54 million people in 2060. It is therefore urgent that steps are taken to address the issue of retirement age.

Figure 4: Changes in dependency ratio

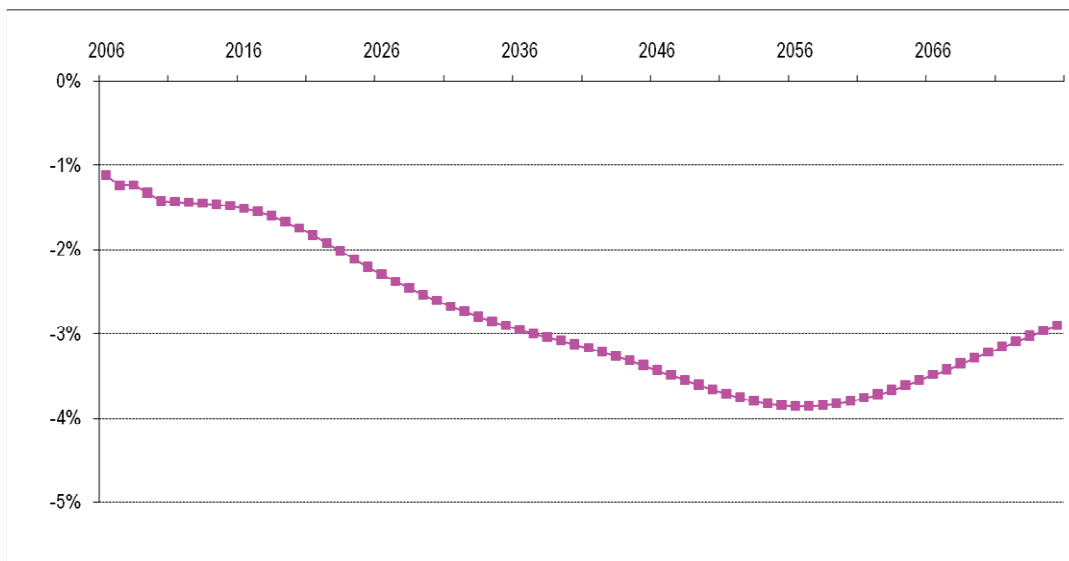


Source: Eurostat population projections,

[http://epp.eurostat.ec.europa.eu/portal/page/portal/population/data/main\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/population/data/main_tables)

In addition the World Bank, who recently examined the Lithuanian Pensions system, has concerns about the balance of incomes and expenditure of the social insurance pensions system, i.e. SoDra (see Figure 5). The analysts put this situation down mainly to a high level of disability, an unsustainable combination of retirement age and benefits, ad-hoc philosophies in making decisions on pension parameters and the financial crisis. At the same time, though, they state that the system benefits from a sound design structure and relative financial discipline.

Figure 5: Projected SoDra Balance (pre-crisis scenario)



Source: H P Rudolph, A Zviniene, 3 Challenges Lithuanian Pensions System, 8 April 2009, [www.vpk.lt/new/documents/3%20Challenges%20Lithuanian%20Pension%20System.ppt](http://www.vpk.lt/new/documents/3%20Challenges%20Lithuanian%20Pension%20System.ppt)

While the overall gap does not appear to be that large (never more than 4%) over the long term the effect is likely to be cumulative.

### 2.1.6 Debates

Debates in relation to the pensions system currently focus on the economic crisis, and are discussed in that section.

## 2.2 Health

### 2.2.1 Current organisation

Lithuania's health system consists of the public sector system and private providers. The public sector system is a three level system, consisting of primary, secondary and tertiary care, including individual health care and public health care,<sup>49</sup> which include state-managed providers, general public providers under regional or municipal governments, and private providers offering services under contract with the state, in addition to offering services to those who wish to pay privately. Private patients generally receive 'a nicer class' of service in a better environment, treatments not available in state-funded services, and it can be easier to plan the timing of treatments.

Private providers are mainly dentists, doctors working in their own practices, which often include services provided by both family doctors and specialists, some specialist outpatient services, and a very limited number of providers offering in-patient care. Private sector providers also provide services to state insurance funded patients; anecdotal evidence suggests that in a number of municipalities (who have to approve the running of medical services) there is a minimum number of state patients to be registered with private practitioners.

Table 3: Breakdown of Health Services in Lithuania

(additions by LSIC)	Number of services		Number of services
<b>Public Services</b>		<b>Private services</b>	
general hospitals	67	hospitals	7
Long-term hospitals	56	Primary health care	177
Specialised hospitals	29	Emergency services	4
Total hospitals	156	Dentistry	918

<sup>49</sup> Ministry of Health webpage explaining health system structure, [http://sena.sam.lt/lt/main/sveikatos\\_apsauga](http://sena.sam.lt/lt/main/sveikatos_apsauga).



Outpatient services, including polyclinics, GP practices etc, also including 41 specialised polyclinics, 11 psychiatric hospitals	430	Rehabilitation Services	15
Medical points in rural areas	739	Total private services	1560
Emergency services	56		
Public health services (ie immunisation etc)	51		
Rehabilitation services	11		

Source: Lithuanian health information centre website, [www.lsic.lt](http://www.lsic.lt)

The public sector system is managed by municipalities, district or the Health Ministry, within the scale and profile (service mix) laid down by the Ministry of Health. Municipally and regionally managed services are planned and managed by the relevant medical officer, under powers delegated by the state.<sup>50</sup>

Primary-level health care covers non-specialised health care and mental health care. For outpatients, this is often provided in polyclinics, ambulatory facilities, medical points in rural areas, mental health centres and other types of facilities, where patients are first seen by a family practitioner who will then refer patients to specialists, if required. In addition to family practitioners such centres also provide mental and dental health services, and employ pediatricians, general surgeons, gynaecologists/obstetricians and therapists. In the private sector which has an agreement with the SPF (who pays for state services) primary care falling within the remit of state-funded care is also free to the user. Patients have the right to choose their provider; in the case of a polyclinic they can also choose one of the family doctors working there, with whom they register. Primary care providers receive an annual capitation fee from the SPF for each patient registered with them,<sup>51</sup> based on their age and location (more is paid in the countryside).

Primary inpatient care is provided for non-serious conditions and for those with disabilities who need non-specialist rehabilitation services. Health care providers of these facilities work together with local government social workers, community councils, and others to provide a joined-up service.

Secondary and tertiary health care is provided by outpatient or inpatient providers managed by municipalities, district or the Health Ministry, within the scale and profile laid down by the Ministry of Health. Municipally and regionally managed services are planned and managed by the relevant local medical officer, under powers delegated by the state.<sup>52</sup>

Outpatient secondary and tertiary care provided in polyclinics or other outpatient facilities is paid the SPF by consultation; if a patient requires more than one consultation per quarter, only

<sup>50</sup> Webpage of the health economics centre describing the division into secondary and tertiary care; [http://www.sec.lt/pages/spr/Alf\\_mok/Text/Antrin/antrin1.html](http://www.sec.lt/pages/spr/Alf_mok/Text/Antrin/antrin1.html).

<sup>51</sup> Webpage of the health economics centre describing primary care, [http://www.sec.lt/pages/spr/Alf\\_mok/Text/Pirmin/pirmin.html](http://www.sec.lt/pages/spr/Alf_mok/Text/Pirmin/pirmin.html).

<sup>52</sup> Webpage of the health economics centre describing the division into secondary and tertiary care; [http://www.sec.lt/pages/spr/Alf\\_mok/Text/Antrin/antrin1.html](http://www.sec.lt/pages/spr/Alf_mok/Text/Antrin/antrin1.html).

one of these is paid. In the case of tertiary care, the SPF only refunds the costs if the patient has a referral from the primary or secondary level.

## 2.2.2 Key Health Data

Table 4: Key Health Data 2001 and 2007/2008

	2001	2007 (2008*)	change
Average length of hospital stay*	10.9	9.7*	-11.01%
percentage of day cases*	1.3	5.77*	343.85%
doctor per 10,000 inhabitants	36.26	37.1	2.32%
dentists per 10,000 inhabitants	7.16	7.11	-0.70%
pharmacists per 10,000 inhabitants	6.52	8.15	25.00%
beds for inpatient treatment* including health service long-term beds	92.37	81.4	-11.88%
Average annual number of doctor consultations per person	6.6	6.85	3.79%
Average annual number of dental consultations per person	1.3	1.06	-18.46%

Source: Lithuanian Health Information Centre [www.lsic.lt](http://www.lsic.lt)

Table 4 shows some selected health service data, comparing 2001 (when the first data were collected in some cases, e.g. on day surgery) and 2007 (\* = those available for 2008). The most significant change is that in the rate of day treatments (surgery, investigations etc). The reduction in beds for inpatient treatment matches the reduction in average hospital stay. The increase in the number of pharmacists surprises the author who in eight years of living in Lithuania has seen many city centre pharmacies (in Vilnius) close – it is possible that pharmacies now associated with large shopping centres employ more pharmacists. In Lithuania it is not possible to buy any type of medication outside a pharmacy.

## 2.2.3 Finance

State health services are funded by four formal sources.<sup>53</sup> transfers of part of income tax, the health insurance contributions paid by employed people (and from 2009 by the self-employed, too – previously part of their income tax was transferred), transfers from the state budget, and the costs users pay for drugs and some other services (some of these costs are compensated depending on their illness and social category). In addition there remains a system of informal payments to doctors, which can be considerable<sup>54</sup> – patients are stated to see it to ensure ‘better treatment’.

<sup>53</sup> State Patient’s Fund Annual Report 2008.

<sup>54</sup> A few years ago the author attended a formal event discussing health care reforms; ‘informal payments’ were also discussed and considered as inappropriate by the then health minister, Zilvinas Padaiga. At the post-meeting get-together the author discussed the topic further with the attendees, all key decision-makers

The SPF estimates that approximately 95-96% of the population are insured, though 53.1% of the population are insured by the state through the state budget's subsidy to the SPF. State-insured persons<sup>55</sup> include the unemployed, people receiving pensions (of all ages), children under 18, pregnant mothers, parents of one child under eight or two or more children under 18, persons who suffered in concentration camps, from the results of Chernobyl, participants of the Afghan war and others. Those not insured by the state, i.e. working persons, pay contributions either directly (9% of income) or by deduction from their salaries (3% for the employer, 6% for the employee). The SPF states that the contributions paid by the state, as budget transfer, are less than those paid by working persons, even though some of these groups are considerably more intensive users of health services (e.g. children, the elderly) than working persons, estimated for the group of 50–64 at twice the cost of those aged 20-49, and for those aged over 65 at three times the cost.<sup>56</sup>

In 2008, the SPF had an income of LTL 4,242m (EUR 1228.6m), LTL 125m less than planned. The shortfall arose from a reduction of the income tax contribution (LTL 120.3m) and the state budget (LTL 21.5m; addition by the SPF). In addition a net LTL 192.6m of the reserve fund was used, to cover the total expenditure of LTL 4,386m (EUR 1,284m). This includes a return of LTL 150m to the reserve fund.<sup>57</sup>

For 2009 the budget of the SPF has remained the same as the 2008 planned budget, following an adjustment down (a 6.4% cut compared to the originally planned budget).<sup>58</sup>

Table 5: State Health Expenditure as part of GDP (in LTL)

	2006	2007	2008
expenditure	3407	3997	4424
GDP	82792	98138	111498
% of GDP	4.4%	4.6%	3.97%

Source: Author's own calculation based on GDP data and SPF expenditure

Since 2006 spending on SPF patients, as part of the GDP, has dropped by 3.7%. Including private spending on health services (27% of total health spending<sup>59</sup> in 2007); the total spend on health services, public and private, in that year was 6.3% of GDP.

SPF data, from 2006 to 2008 (Table 6) show clear real increases in spending year-on year on health service costs (inflation in December 2007 was 8.1%, in December 2008 it was 8.5%). The rapidly increasing expenses for health services programmes refer to screening for cervical, breast, and prostate cancer, as well as other disease-specific programmes.

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in local companies, who all felt that 'really, doctors deserve these payments'. It is therefore a cultural issue. Discussing this topic again during research for this report it was felt that the opportunity was missed to deal with this issue, given the rapidly rising salaries 'during the boom years'.

<sup>55</sup> Vilnius Territorial Patient's Fund, list of persons insured by the state <http://www.vilniaustlk.lt/?id=apdrausti>.

<sup>56</sup> State Patient's Fund Annual Business Plan 2009, 26 March 2009, [http://www.vlk.lt/vlk/pag/?page=str\\_pl](http://www.vlk.lt/vlk/pag/?page=str_pl).

<sup>57</sup> State Patient's Fund Financial Report for 2008, [http://www.vlk.lt/vlk/kt/?page=list&kat\\_id=1](http://www.vlk.lt/vlk/kt/?page=list&kat_id=1) (PSDF biudzeto vykdymo...).

<sup>58</sup> State Patient's Fund explanation of revised budget [http://www.vlk.lt/vlk/pr/?page=item&kat\\_id=1&date=2009-04-30&item\\_id=1702](http://www.vlk.lt/vlk/pr/?page=item&kat_id=1&date=2009-04-30&item_id=1702).

<sup>59</sup> G Černiauskas, Health System Financing, Presentation 21 November 2008, (Sveikatos sistemos finansavimas 2008).

Table 6: Changes in Expenditure on different types of services year on year

Increase year on year	2006	2007	2008 compared to 2007
Overall increase in expenditure	100	1.17	1.11
Personal health services	100	1.20	1.15
Compensations for medications and medical aids	100	1.13	1.10
Compensations for stays in sanatoria and rehabilitation centres	100	1.23	1.07
Medical aids and centralised purchasing expenditure	100	1.41	1.16
Orthopaedic aids	100	1.24	1.18
Expenses for health services programmes	100	1.19	1.66

Source: SPF data

In relation to funding flows, the SPF transfers funds to its five regional branches according to a formula reflecting demographic and other factors. These then make agreements with local health care providers. The same price is paid by the state for the same treatment, regardless of where it is in the country, and whether it is in the private or the public sector; in the private sector the user pays any charge in excess of the state support. Payments for acute care are based on the case, not the number of bed-days. Public health service providers then invoice their local branch 14 days after the end of the month for services provided, and are paid up to 30 days later, according to the law.

Already there is a system of co-payments, whereby health service users pay for some part of their drugs cost (which are supported [compensated] by the SPF to a level of 50%, 80%, 90% or 100% of the reference price,<sup>60</sup> depending on the disease, and to some degree on the category of the person), as well as for part of the cost of rehabilitation.

#### 2.2.4 Reforms

According to the Ministry of Health's Annual Report 2008<sup>61</sup> during that year reforms begun earlier continued. This included the improvement of quality and access to health care, reform of the health care system, implementation of prevention programmes, increasing the salaries of health workers, developing services in private health care providers, and modernisation of health care facilities. (All statements in this section are based on the Annual Report 2008, unless specifically end-noted.)

<sup>60</sup> Where pharmacies charge more (and prices vary between pharmacies) patients with a 100% entitlement may still have to pay something, if the cost of the drug is more than the reference price.

<sup>61</sup> Ministry of Health Annual Report 2008, 28 February 2009 <http://sena.sam.lt/lt/main/veikla/ataskaitos>.

In terms of mental health the report states that a number of campaigns and public information events were carried out to inform the public of issues relating to mental health and dependency diseases. In terms of mental health service provision (which relates both to health care and long-term care) the situation is rather different. While the mental health strategy was approved in 2007,<sup>62</sup> with its implementation programme approved in June 2008,<sup>63</sup> those working in the field state that relatively little has happened since then. The Ministry's Annual Report only refers to it as 'work to be done in the future'. While there are now 75 Mental Health Centres<sup>64</sup> attached to policlinics which should act as gatekeepers to the secondary and tertiary level, in practice patients still directly access all levels of services. Questions remain in relation to human rights in mental health, in particular on guardianship and involuntary hospital admissions.

The National Public Health Strategy (2006 – 2013) continued to be implemented, focusing on public health issues, including noise prevention, quality of bathing water, nutrition, child health, etc; this included setting up of 28 new municipal public health centres focusing particularly on child health. New legislation was drafted in relation to infectious diseases, particularly in view of a potential influenza epidemic. The National Immunoprophylactic (Vaccinations) Programme for 2009-2013 was developed, and environmental health technologies were improved.

In terms of personal health services, patient choice of provider was improved, by drawing up 450 new agreements with private providers (whereby the SPF would pay the standard cost of the service to private providers). Services in oncological centres and university hospitals were improved and waiting lists reduced from 3-4 months down to several weeks. The cancer prevention programme was further improved leading to an increasing rate of diagnosis of stage I neoplasms; its funding increased to LTL 23.5m (an increase of LTL 5.5m the year before). Other disease-specific programmes were also developed or continued to be implemented; in relation to diabetes, TB, infectious diseases.

A new order was drawn up on specialised services in ambulatory settings, whereby patients can receive more expensive services. The rehabilitation system was reformed by setting limits for the optimal time period of rehabilitation, in order to increase the number of patients benefiting from these and balance the budgets.

To create motivation to increase the level of ambulatory care, the base price for treatments of patients was increased by 3.4% in 2008, compared to the previous year, and the price of inpatient care was reduced by 1.2% (at a time of an inflation rate of 8.1% compared to the year before). 10% of the salaries of medical workers in ambulatory care are now paid according to results (e.g. in treating persons with disabilities, diabetics etc).<sup>65</sup> The list of services to be provided as day treatments was increased from 86 to 139.<sup>66</sup>

The rehabilitation system was reformed; now patients who received treatment on an outpatient basis can no longer travel to sanatoria for rehabilitation (unless they pay

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<sup>62</sup> Balsas.lt, 'Parliament approves mental health strategy', 3 April 2007, <http://www.balsas.lt/naujiena/73784>.

<sup>63</sup> Government resolution on the implementation of the Mental Health Strategy, No 645 of 18 June 2008.

<sup>64</sup> Mental Health Briefing Sheet Lithuania, 2008  
[http://ec.europa.eu/health/ph\\_determinants/life\\_style/mental/docs/Lithuania.pdf](http://ec.europa.eu/health/ph_determinants/life_style/mental/docs/Lithuania.pdf).

<sup>65</sup> Gydymo Menas, 'New Health Services Payment Plan Announced',  
<http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

<sup>66</sup> Gydymo Menas, 'New Schedule for Day Treatment Cases',  
<http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

themselves); only inpatients can receive compensations for residential rehabilitation treatment.<sup>67</sup>

To reduce the risk of emigration by doctors, the 2003-2008 plan to increase their salaries continued to be implemented; the salaries of doctors has grown by more than two times between 2003 and 2008.<sup>68</sup> The status of hospital resident (doctor in training) has been reformed: both students (receiving a stipend) and doctors (receiving a basic salary) can receive training in 44 locations, not only in university hospitals,<sup>69</sup> with LTL 247m (EUR 71.5m) set aside for their salaries. In terms of compensated medicines, the Government drew up concerning the description of the procedure for calculating basic prices of pharmaceuticals and medical aids, regulating the procedure of calculating prices and the grouping of pharmaceuticals. LTL 829m (EUR 240m) of European Structural Funds was spent on improving services for cardiac and circulatory disease, cancer diagnosis and treatment, treatment following trauma and to prevent other early deaths, the optimisation of services for persons with mental health issues, as well as of general health services provision.

The e-health electronic health records and health care system continued to be implemented. It is estimated that this database will reduce medical errors by 20-30%.<sup>70</sup> 57% of family doctors have computers, and 29% use them in patient consultations (ibid). A new registry of malignant blood diseases was set up, registering every newly diagnosed case and following these up.<sup>71</sup>

In general, therefore, the general health system has continued to be improved, focussing on a transition from inpatient to outpatient or day-care. Little attention has been paid to implementing the requirements of the Mental Health Strategy.

## 2.2.5 Government Programme

Government reform is described in two stages; that covering 2009, and that covering the remaining period in government.

In 2009 the Government will introduce a strategic health care development plan (no details given), reform the health insurance system by introducing separate health insurance contribution (already introduced<sup>72</sup>), encourage supplementary voluntary health insurance and set the objectives for this, enabling the unemployed and those employed abroad to benefit from health services 'as soon as they pay a minimal contribution to the compulsory health insurance system' (italics by author), and aim to reduce informal payments in the health sector by introducing official extra payments for services, part of which will go to the salaries of health workers.

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<sup>67</sup> Gydymo Menas, 'Reformed Rehabilitation System',  
<http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

<sup>68</sup> Gydymo Menas, 'Doctors' salaries grow according to the cost of services'  
<http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

<sup>69</sup> Gydymo Menas, 'New Residency Model Implemented',  
<http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

<sup>70</sup> Gydymo Menas, 'Patvirtinta e. sveikatos plėtros strategija',  
<http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

<sup>71</sup> Gydymo Menas, 'Malignant Blood Disease Register',  
<http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

<sup>72</sup> State Tax Inspectorate website giving information on new taxes, including compulsory health insurance contributions <http://www.vmi.lt/lt/index.aspx?itemId=1086265>.

In the longer term, in the context of structural reform of public services, it is intended to privatise services where it is not longer possible to finance these in the long term, or establish public-private partnerships (this includes health; paragraph 270).

The chapter on health covers 60 paragraphs, focusing on funding: this includes amongst others changing the health insurance system, supplementary voluntary insurance, public-private partnerships, implementation of a health insurance account whereby persons can see how many contributions they have made and how much their treatment has cost (this seems rather a pointless exercise in transparency, given the high cost of e.g. children or the elderly). The mental health strategy will continue to be implemented; services will be provided as close to, or in, the patient's home; services should be planned and managed at municipal level – given the 60 or so municipalities in Lithuania, often with small populations, this could seriously disrupt the strategic development of a health system that should be based on centres of excellence, unless there is a system of coordination. In addition the Government Programme encourages persons to take care of their own health, improve the management of health services, develop cooperation with the social sector in terms of (long-term) nursing and care, ensure that medical workers are paid 'accordingly'. It is aimed to strictly distinguish between health work and social services in terms of what is 'health work'. Patient and public participation will be encouraged. The abuse of alcohol and drugs will be discouraged through a variety of fiscal, criminal, and other measures; one of these is asking the patient who has successfully undergone voluntary treatment for these conditions, to repay the cost once they are financially capable of doing so. Given that alcoholism is a disease (ICD10 codes F10 – F19<sup>73</sup>) this is a rather surprising proposal, akin to 'punishing the victim'.

## 2.2.6 Challenges

In terms of consumer assessment, Lithuanian health services remain near the bottom of European health systems. The European Health Consumer Index Report 2008<sup>74</sup> moved Lithuania to 24<sup>th</sup> place out of 31 (from 26<sup>th</sup> place the two years before), with a score of 520/1000. The report states<sup>75</sup> that 'issues related to the rights of patients and health care information system are properly addressed, however, more attention should be given to the issues related to the subcategories of accessibility, outcomes and provision of pharmaceuticals'. The comments on health information and patient rights refer both to the e-health<sup>76</sup> system,<sup>77</sup> whereby not only patient information can be accessed easily, but patients can also electronically register for appointments at all levels in the participating hospitals.

The main area for improvement, according to that report, is 'the fight against bribes to doctors'. The Lithuanian Free Market Institute estimates that a quarter of the population has paid such bribes, and, 87% would expect to pay this, should they expect to need an operation

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<sup>73</sup> Alcohol-related ICD10 codes, <http://priory.com/psych/ICD.htm>.

<sup>74</sup> Health Consumer Powerhouse, 'Euro Health Consumer Index 2008' [http://www.healthpowerhouse.com/index.php?option=com\\_content&view=article&id=55&Itemid=54](http://www.healthpowerhouse.com/index.php?option=com_content&view=article&id=55&Itemid=54).

<sup>75</sup> Health Consumer Powerhouse, Press release in Lithuanian on the launch of the 2008 report <http://www.healthpowerhouse.com/files/2008-EHCI/pr/16115-lit-12-Lithuania%20EHCI%202008%20AB.pdf>.

<sup>76</sup> Health Ministry, 'E-health system helps both the patient and the doctor', [http://sena.sam.lt/lt/main/news/pranesimai\\_spaudai?id=191033](http://sena.sam.lt/lt/main/news/pranesimai_spaudai?id=191033).

<sup>77</sup> For example, the Vilnius Territorial Patient's Fund publishes a list of waiting times for all procedures, including in the private sector, [http://www.vilniaustlk.lt/eiles/eile\\_profiliai.html](http://www.vilniaustlk.lt/eiles/eile_profiliai.html).

in the future.<sup>78</sup> This topic, which frequently arises in discussion, not only affects health consumers, but also the tax and pensions systems since it is unlikely that such incomes are formally declared. While in previous times there was also anecdotal evidence about bribes to nurses and other medical workers (one hears of charges for ambulance trips), the risk of these has been reduced somewhat, since hospitals have now introduced formal charging systems for e.g. getting a private room,<sup>79</sup> though nurses may still expect a 'thank you'. The author discovered a private service provider 'applying a factor' for charging his foreign health insurance – they tripled the cost of the treatment compared with the cash price (and freely admitted doing so during subsequent correspondence).

The quality of health care is still relatively low. For example, the Parliamentary Ombudsman examined the outcomes of cancer treatments and found that in Lithuania 18 women per 100,000 die of cervical cancer, compared with 4 in Finland (according to the head of the Oncological Institute, there is no money from the state for research<sup>80</sup>); in addition cancer specialists now work mainly at the Oncological Institute rather than having cancer specialists in all locations of Lithuania.

Services for patients with mental health problems remain largely hospital linked. Local sources suggest that there is little or no joint working between the Ministry of Health and the Ministry of Social Security and Labour on this issue, and that this is reflected at service delivery level as well. This is despite an Order (4 July 2007<sup>81</sup>) requiring joint working at all levels, including setting up of teams consisting of nurses, psychiatric nurses, social workers, and their assistants.

A vision for the health service development for 2007-2015 was developed in December 2007,<sup>82</sup> this has not since left the drawing board (the document looks like the result of a workshop exercise, and is far from evidence-based).

The main current challenge is the economic crisis and the health sector response to this is discussed in section 5.1.

### 2.2.7 Debates

Debates continue about the question of doctor's salaries, in particular relating to 'informal payments'. To some degree it could be argued that the options being discussed could result in 'mainstreaming' the previous informal payments, which at least might bring them into the realm of the tax and social insurance systems.

Various proposals exist to deal with this, e.g. the additional payments for certain services proposed in the Government Programme (see above), and using some of those funds for the salaries fund. This could create problems for low-income families, unless there were a system of freeing those from such co-payments. In addition it could create incentives for doctors to over-prescribe tests and treatments. While a two-level health system is nothing new in European Member States, this could create a three-level system; the state system for the poor, the state system for those who can afford all required co-payments, and the private sector

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<sup>78</sup> Lithuanian Free Market Institute, 'In the free health services in the country 25% of residents paid for treatment', [http://www.lrinka.lt/index.php/temos/sveikatos\\_apsauga/pranesimai\\_spaudai/76](http://www.lrinka.lt/index.php/temos/sveikatos_apsauga/pranesimai_spaudai/76).

<sup>79</sup> Santariskes Hospital list of patient charges <http://www.santa.lt/index.php?1451741235>.

<sup>80</sup> Delfi.lt, 'The cancer treatment system in Lithuania is destroyed', 19 May 2009, <http://www.delfi.lt/news/daily/Health/article.php?id=22231714>.

<sup>81</sup> Law on Joint Working of Nursing and Social Services, No V-558/A1-183, 4 July 2007.



(which quite freely uses, through doctors working in both sectors, the public system and its equipment – questions about user fees for additional staff and equipment required for this are unclear<sup>82</sup>). While there are proposals for additional voluntary health insurance (this proposal is reported to have been discussed for many years) no concrete work has been carried out to develop this.

The Parliamentary Ombudsman is currently (2009) investigating the health sector on a number of issues; in addition to upholding a complaint by a transsexual about non-availability of medical treatment in February<sup>83</sup> despite losing a case at the European Court of Human Rights,<sup>84</sup> access to infertility treatments,<sup>85</sup> the unavailability of drugs for children suffering multiple sclerosis,<sup>86</sup> and the refusal of pharmacies to take back unused drugs.<sup>87</sup> In 2008, the Ombudsman upheld 29 complaints against the health ministry (out of a total of 758 complaints upheld that year).<sup>88</sup>

## 2.3 Long-term Care

### 2.3.1 Current Organisation

Long-term care in Lithuania is provided both by the health service and by municipalities (in this case the policy body is the Ministry of Social Security and Labour (MSSL). In terms of in-patient care the health service finances long-term stays up to 120 days, according to the SPF, though TB patients are financed by the SPF to 180 days, and up to 24 months if their health still produces a risk to the general public.<sup>89</sup> SPF funding also covers rehabilitation, persons with long-term illness, those suffering from TB, psychiatric patients and palliative care. Long-term care beds can be in specialised hospitals, e.g. in Vilnius, or in wings of general hospitals, particularly in more rural areas. The current number of long-term beds ('slaugos lovai') in Lithuania is not easily identified, though a 2005 press article mentions 72 long-stay hospitals with a total of 2,773 beds<sup>90</sup> – according to an earlier Government Order for each 1,000 residents there should be one care/palliative hospital bed,<sup>91</sup> i.e. approximately 3,300; the Order was changed and now there should be 1.6 beds for each 1,000 residents, a

<sup>82</sup> Outline for further development of health services 2007-2015

[http://sena.sam.lt/lt/main/news/pranesimai\\_spaudai?id=77807](http://sena.sam.lt/lt/main/news/pranesimai_spaudai?id=77807).

<sup>83</sup> Parliamentary Ombudsman decision on treatment for transsexuals,

<http://www.lrski.lt/index.php?&nn=archyve&nn=291>.

<sup>84</sup> European Court of Human Rights, Judgement against Lithuania on transsexuals' rights of access to treatment,

<http://cmiskp.echr.coe.int/tkp197/view.asp?item=45&portal=hbkm&action=html&highlight=1%20%20v%20%20lithuania&sessionId=23778626&skin=hudoc-en>.

<sup>85</sup> Parliamentary Ombudsman investigation into availability of infertility treatment,

<http://www.lrski.lt/index.php?&nn=archyve&nn=288>.

<sup>86</sup> Parliamentary Ombudsman investigation into availability of treatments for children suffering from multiple sclerosis, <http://www.lrski.lt/index.php?&nn=archyve&nn=285>.

<sup>87</sup> Parliamentary Ombudsman investigation into pharmacies' refusal to take back unused drugs,

<http://www.lrski.lt/index.php?&nn=archyve&nn=285>.

<sup>88</sup> Parliamentary Ombudsman Annual Report 2008, <http://www.lrski.lt/files/353.pdf>.

<sup>89</sup> Gydymo Menas, 'Doubled length of hospital care for TB patients,

<http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

<sup>90</sup> Article on long-term care, Gydymo Menas 'Paslaugų bei lėšų perskirstymas', 2005 No 5,

<http://www.medicine.lt/index.php?pagrid=leidiniai&strid=2089&subid=gm>.

<sup>91</sup> Kalvotiji Zemaitija 'In the hospital – not only treatment but also care', 1 February 2008,

<http://82.135.199.144/kalzem/sveikata/ligoninje-ne-tik-gydimas-bet-ir-slauga/>.

total of approximately 5,000. (The Vilnius city plan for 2009<sup>92</sup> estimates to have 1932 acute hospital beds (77.8%) and 551 long-term beds (22.2%) – population 555,000).

Longterm beds in hospitals are financed either through the SPF or through municipalities; e.g. in the town of Varniai 65 beds are financed by the SPF and 35 by the municipality. This ensures continuity of care should a patient require care for more than the time limit set by the SPF.

Since May 2008 the SPF has also been able to pay for home care for persons with long-term medical conditions, at a cost per patient of up to LTL 800 (EUR 231), with an annual estimated cost of LTL 23m (EUR 6.66m). Costs in excess of this have to be borne by the patient or the municipality.<sup>93</sup>

In addition, long-term residential care is provided in old people's homes or other institutions for persons with long-term care needs. In 2008 there were 104 care homes for older people<sup>94</sup> with 4,150<sup>95</sup> residents, in addition to 26 institutions for adults with disabilities<sup>96</sup> with 5,370 residents at in 2007.<sup>97</sup> For older persons, the average number of residents per publicly funded home is 61, whereas for those run by NGOs and 'others' (private?) the average number of residents is 28.5.<sup>98</sup> More concerning is the fact that according to Department of Statistics Data, 663 of the residents in all old people's homes were aged under 60. The difference between publicly-funded and NGO-funded institutions is even greater in the case of persons with disabilities; here the average number of residents in publicly-funded services is 221, whereas in the two NGO-run services the average number of residents is 23. Among those 11 publicly-funded institutions which cover a population of over 200, two are holding more than 400 persons with disabilities.

In terms of social care at in their own homes, 20,728 persons received this in 2008 (down from 23,438 persons in 2007<sup>99</sup>). In addition, 5,441 persons (of whom 2,158 were volunteers<sup>100</sup>) provided services in day centres to 61,800 persons, excluding children, in 2008

<sup>92</sup> Vilnius City Health Plan 2009, <http://www.vilnius.lt/newvilniusweb/index.php/50/?itemID=1022>.

<sup>93</sup> Gydymo Menas, 'Care Services at Home – from SPF Funds', <http://www.medicine.lt/index.php?pagrid=leidiniai&subid=gm&strid=7503>.

<sup>94</sup> Department of Statistics, data on care homes for older people, <http://db1.stat.gov.lt/statbank/selectvarval/saveselections.asp?MainTable=M3161106&PLanguage=0&TableStyle=&Buttons=&PXSIId=6566&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

<sup>95</sup> Department of Statistics Number of residents in homes for the elderly, <http://db1.stat.gov.lt/statbank/selectvarval/saveselections.asp?MainTable=M3161105&PLanguage=0&TableStyle=&Buttons=&PXSIId=6565&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

<sup>96</sup> Statistics Department Data on care homes for persons with disabilities <http://db1.stat.gov.lt/statbank/selectvarval/saveselections.asp?MainTable=M3161109&PLanguage=0&TableStyle=&Buttons=&PXSIId=6568&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

<sup>97</sup> Department of Statistics number of persons in care homes for those with disabilities <http://db1.stat.gov.lt/statbank/selectvarval/saveselections.asp?MainTable=M3161105&PLanguage=0&TableStyle=&Buttons=&PXSIId=6565&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

<sup>98</sup> calculated from the data above.

<sup>99</sup> Statistics Department Data, <http://db1.stat.gov.lt/statbank/selectvarval/saveselections.asp?MainTable=M3161001&PLanguage=0&TableStyle=&Buttons=&PXSIId=6560&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

<sup>100</sup> Statistics Department Data,

(62,800 in 2007<sup>101</sup>). The number of paid employees in day centres increased from 2534 in 2007 to 3283 in 2008.

### 2.3.2 Funding

Lithuania has no system of long-term care insurance. Such care is funded either by the SPF, from its general contribution and budgetary income, by state or local government, by service users and through the supply of volunteer labour. Those individuals funded by the SPF do not have to contribute anything to the costs of their care. In the case of long-term care hospitals are paid by bed-day rather than by case. According to the Law on Payment for Social Services<sup>102</sup> those receiving social services listed in the catalogue of social services<sup>103</sup> pay up to 20% of their income for day or home care, depending on the price of services, unless their income is very high, in which case they pay up to 50% of their income. For short-term residential care (up to 30 days) they pay up to 80% of their income – slightly less, if they provide their own food. In the case of long-term care and if they own property exceeding the local normatives on property values, they pay 1% extra per month (above the 80%) for the amount that their property value exceeds the local normative.

### 2.3.3 Reforms

According to the MSSSL's annual report 2008,<sup>104</sup> no specific activities were carried out in relation to long-term care, other than the improvement of social services in general (training more social workers); funding a number of projects fostering the integration of persons with disabilities, amongst others with social care services at home provided to 28 (!) disabled persons, provision of 34,773 technical aids etc. In addition the social services department of the ministry continued to implement 5 strategic plans, with 24 subcomponents, for which LTL 1,445m was allocated (no further details given). The department also worked on improving the costing of social services, the improvement of their quality etc. Most of the MSSSL's work has focused on children, problem families, and persons with disabilities. The report does not contain one mention of deinstitutionalisation, e.g. of adults with disabilities residing in long-term care institutions.

There are no strategies to reform institutional care or to increase deinstitutionalisation, other than the Mental Health Strategy.

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<http://db1.stat.gov.lt/statbank/selectvarval/saveelections.asp?MainTable=M3161502&PLanguage=0&TableStyle=&Buttons=&PXSId=6583&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

<sup>101</sup> Statistics Department Data,

<http://db1.stat.gov.lt/statbank/selectvarval/saveelections.asp?MainTable=M3161501&PLanguage=0&TableStyle=&Buttons=&PXSId=6582&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

<sup>102</sup> Law on Payment for Social Services, No 583 of 14.06.2006,

[http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc\\_l?p\\_id=278281](http://www3.lrs.lt/pls/inter2/dokpaieska.showdoc_l?p_id=278281).

<sup>103</sup> Ministry of Social Security and Labour, Link to Catalogue of Social Services (Current Edition)

<http://www.socmin.lt/index.php?2144196468> (Socialinių paslaugų katalogas).

<sup>104</sup> MSSSL Annual Report 2008, <http://www.socmin.lt/index.php?-1191824460>.

### 2.3.4 Government Programme

The Government Programme proposes to improve collaboration of health and social services to deliver health and social services at home from the same source. In terms of community services first the programme intends to enable families to take care of their elderly relatives by improving possibilities to combine care and work, and then to further develop community services. The section on social services is very brief, and focuses mostly on children.<sup>105</sup>

Currently there are no strategic documents relating to the development of community-based services, other than a programme for developing infrastructure.<sup>106</sup>

### 2.3.5 Challenges

The main continuing challenge relating to social services is that of the relatively high use of expensive inpatient care (already discussed under 'mental health'). Currently 691,000<sup>107</sup> Lithuanian residents are aged 60 or over. While far from all of these will require social services, the 20,728 (see section 2.3.1) receiving social services at home seems rather low, given that there will also be persons of working age and children requiring such support. Comparing the number of home-based social services recipients to that of persons in care homes (approximately 9,500, see above) suggests a continuing lack of real alternatives.

The National Audit Office has made considerable criticisms of the social services system.<sup>108</sup> These include (amongst others) lack of regulation on how much municipalities should spend on social services (though this should also depend on their population mix, poverty levels, geographical distribution – ed.), inefficient spending of funds, vastly differing rates for care between different care providers, old people's homes having empty places at the same time while there are waiting lists (in 2008, homes for the elderly totalling 1,814 places had 1,738<sup>109</sup> residents on average, an occupancy rate of 95.8%), and data are not sufficiently detailed to evaluate the quality of social care.

In the longer term Lithuania will face the usual challenge in Europe, that of the ageing population. In Lithuania this combines with the flood of 17,015 declared emigrants in 2008<sup>110</sup> (the highest number since joining the EU), 77% of whom were of working (and thus potentially of caring) age.

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<sup>105</sup> The whole Government Programme has a flavour of family-centredness, focusing on children more than older members of the family.

<sup>106</sup> Ministry of Labour and Social Policy, Social Services Infrastructure Development Programme, <http://www.socmin.lt/index.php?1006919832>.

<sup>107</sup> Statistics Department Data, <http://db1.stat.gov.lt/statbank/selectvarval/save selections.asp?MainTable=M3010206&PLanguage=0&TableStyle=&Buttons=&PXSId=3212&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

<sup>108</sup> National Audit Office report on social services, 27 February, 2009 (Press Release 19 March 2009) [http://www.vkontrole.lt/naujienos\\_pranesimas.php?1144](http://www.vkontrole.lt/naujienos_pranesimas.php?1144).

<sup>109</sup> Social Services Supervision Department, Ministry of Social Security and Labour, <http://www.socmin.lt/index.php?1006919832>.

<sup>110</sup> Statistics Department Data on migration, <http://db1.stat.gov.lt/statbank/selectvarval/save selections.asp?MainTable=M3020103&PLanguage=0&TableStyle=&Buttons=&PXSId=7371&IQY=&TC=&ST=ST&rvar0=&rvar1=&rvar2=&rvar3=&rvar4=&rvar5=&rvar6=&rvar7=&rvar8=&rvar9=&rvar10=&rvar11=&rvar12=&rvar13=&rvar14=>.

### 2.3.6 Debates

There is very little debate on the topic of long-term care, except that initiated by NGOs working in the field, or resulting from the publication of the National Audit Office's report (see above). It could be seen as a self-perpetuating cycle – society appears to be quite satisfied that people are shut away in institutions and so the topic does not need to be discussed; this then leads to their virtual invisibility in society, and the subject remains undiscussed – even the vocal Free Market Institute, which campaigns for individual freedom, does not consider this group.

Most social services debate focuses on maternity leave, child care and social services for migrant workers.

## 2.4 Research

The size of the research community in Lithuania matches the size of the country; it is relatively small. Social research is carried out by a variety of types of bodies:

- research institutes accountable to specific ministries, e.g. the [Labour and Social Research Institute](#) under the Ministry of Social Security and Labour (the Ministry of Health has no such research institute)
- independent research providers, e.g. the [Public Policy and Management Institute](#)
- NGOs, e.g. the [Global Initiative for Psychiatry](#)
- Organisations with particular political interests, e.g. the [Lithuanian Free Market Institute](#)
- Universities
- State investigative bodies, such as the [Parliamentary Ombudsman](#) (report quoted in this report) and the [National Audit Office](#) (ditto)

Government bodies commission research from these organisations. However, little of this research is publicly available. For example, the Public Policy and Management Institute in 2008 worked on a report on 'Social protection and social inclusion policies in Lithuania: further development and future perspectives 2008-2010'<sup>111</sup> for the MSSL, but this report has not been published. Other research institutes mention papers prepared for the Government, e.g. following the election, but again these are not available.

Table 7: List of Research Organisations and their Research

Research Organisation	Relevant 2008/09 activities
MSSL	A variety of papers; one is relevant to this paper, on the ability of care homes to meet licensing requirements to be introduced in 2010 (see <a href="#">Chapter 4</a> )
Labour and Social Research Institute	No relevant research published (published

<sup>111</sup> Public Policy and Management Institute, reference to report 'Social protection and social inclusion policies in Lithuania: further development and future perspectives 2008-2010' <http://www.vpvi.lt/en/social-protection-and-social-inclusion-policies-in-lithuania-further-development-and-future-perspectives-2008-2011/?start=0>.

	activities focus on the labour market); states that it wrote an unpublished article for the current Government on future social policy
Institute for Social Research	No relevant research
Public Policy and Management Institute <sup>111</sup>	Social protection and social inclusion policies in Lithuania: further development and future perspectives 2008-2010 (not published, for description see <a href="#">Chapter 4</a> )
Social Policy Group	No relevant research
Mykolo Romerio University <sup>112</sup>	No relevant research
Vilnius University	No relevant research
Vilnius University Kaunas Humanitarian Faculty	No 2008 articles relating to social services, many on health care (mostly medical); one on patient evaluation of health care quality ( <a href="#">Chapter 4</a> )
Vilnius Pedagogical University	No relevant research
Kaunas Medical University	No 2008 research accessible
Klaipeda University	No relevant research
Lithuanian University of Agriculture	No relevant research
Global Initiative on Psychiatry <sup>113</sup>	[Legal] Incapacity Problematics in the Context of Values Declared by the EU (probably 2008 publication)  Human Rights in Mental Health Care in Baltic Countries (undated, 2007 or 2008)
Hygiene Institute	No relevant research
Lithuanian Free Market Institute (a political think tank)	Carries out both research, including on behalf of the EU (see <a href="#">Chapter 4</a> ), provides recommendations for Government programmes (e.g. at the time of general elections), and political lobbying, often in the form of political articles addressing the readers' emotions, for the popular press (not covered in this paper).

Research into social policies is therefore very limited, with much of it not open to public debate. There appear to be few links between university research and Government policy,

<sup>112</sup> M Romerio University, list of scientific articles, [http://www.mruni.lt/lt/padaliniai/direkcijos/mokslo\\_direkcija/mokslas/mokslo\\_kryptys/](http://www.mruni.lt/lt/padaliniai/direkcijos/mokslo_direkcija/mokslas/mokslo_kryptys/).

<sup>113</sup> GPI list of publications, <http://www.gip-vilnius.lt/leidiniai.html>.

unless university staff also work for research institutes. This suggests that the Government could be more open with research and other papers produced for it (funded by the taxpayer). It also raises questions about the existence and quality of evidence-based policy-making.

### 3 Impact of the Financial and Economic Crisis on Social Protection

The world financial crisis has hit Lithuania hard. After rising each year (2004-2007) by 7.4% to 8.9% annually, in 2008 it rose by only 3%. In the first quarter of 2009, Lithuania's GDP, compared to the same period the previous year, dropped by 12.6%.<sup>114</sup> At the same time, unemployment rose from 72,500 persons (4.5%) at the end of the second quarter 2008 to 129,800 at the end of the year (7.9%),<sup>115</sup> and to 187,600<sup>116</sup> by 8 May 2009, with some 1,100 vacancies available.<sup>117</sup> According to Government projections<sup>118</sup> of March 2009, unemployment is expected to rise to 13.5% in 2009, and 15.4% in 2010, before recovering to around 11% in 2011 and 2012. Real incomes dropped by 1.2% in 2008 compared to 2007<sup>119</sup> (the projection for 2009 is a further drop of 4.3% of gross salaries<sup>120</sup>).

In response the Government, elected on 18 October, but with a coalition formed some time later, on 23 December 2008 rushed in a law amending income tax, together with a new law on social insurance of 19 December 2008,<sup>121</sup> both of which led to considerable increases in costs for businesses and some groups of the population. At the same time many salaries have been cut, both in the public sector and the private sector. This led further to massive protests in Vilnius on 16 January 2009, including a major demonstration, and a small riot outside the parliament which the police responded to using teargas and rubber bullets.<sup>122</sup>

Tax revenues in the first quarter of 2009 dropped by almost 14% compared to the same period in the previous year (though the planning assumption for the year is that revenues will increase by 0.2% in 2009<sup>123</sup>).

Generally it can be said that instead of spending its way out of the crisis, as many other countries are doing, Lithuania is tightening not only its belt (as a Government) but also, severely so, those of its population. This has had a direct effect on incomes from consumption-based taxes; income from VAT alone were short some 31% of expectations in the first few months of 2009 (e.g. imports fell by 41% in January and February alone<sup>124</sup>). It

<sup>114</sup> Statistics Department Data [www.stat.gov.lt](http://www.stat.gov.lt), <http://www.stat.gov.lt/lt/pages/view/?id=1118>.

<sup>115</sup> Statistics Department Data <http://db1.stat.gov.lt/statbank/SelectVarVal/saveselections.asp>.

<sup>116</sup> The Labour Exchange and the Statistics Department have different ways of calculating percentages of unemployment, with the Statistics Department using the Labour Force Survey; according to the Labour Exchange the 175,300 unemployed show an unemployment rate of 8.4%.

<sup>117</sup> Labour Exchange press release 11 May 2009, <http://www.ldb.lt/Informacija/Apie/Naujienos/UserDisplayForm.aspx?ID=6063>.

<sup>118</sup> Ministry of Finance, Macro-economic predictions March 2009, [http://www.finmin.lt/web/finmin/aktualus\\_duomenys/makroekonomika#1](http://www.finmin.lt/web/finmin/aktualus_duomenys/makroekonomika#1).

<sup>119</sup> Statistics Department Data <http://www.stat.gov.lt/lt/news/view/?id=6989>.

<sup>120</sup> Ministry of Finance March 2009 projections, <http://www.stat.gov.lt/lt/news/view/?id=6989>.

<sup>121</sup> Law on Social Insurance, [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=334955](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=334955).

<sup>122</sup> ITN news report 17 January 2009, <http://www.itnsource.com/shotlist/RTV/2009/01/17/RTV99709/>.

<sup>123</sup> National Budget Income Data March 2009 and March 2008, [http://www.finmin.lt/web/finmin/auktualus\\_duomenys/biudzeto\\_pajamos/nacionalinis\\_biudzetas](http://www.finmin.lt/web/finmin/auktualus_duomenys/biudzeto_pajamos/nacionalinis_biudzetas).

<sup>124</sup> Baltic Business Monitor: Lithuania 2009 <http://www.compiler.fi/tradestation/baltics/lithuania/lt-archive/lt-archive2009/lt.week16.09.html>.

seems that the convergence criteria of the Maastricht requirements (the limit on Government borrowing in particular) have a higher priority.

It is pointless at this stage to discuss any prognoses since currently they are changing month by month; in November 2008 economic growth for 2009 was estimated to be 0.5%,<sup>125</sup> and by April 2009 this estimate had changed to -13%.<sup>126</sup>

### 3.1 Pensions

The income of SoDra from January to April 2009 is shown in Table 8. Clearly this is a worrying scenario.

Table 8: SoDra Incomes/Expenditure 2009

	January <sup>127</sup>	February <sup>128</sup>	March <sup>129</sup>	April <sup>130</sup>
income contributions	701.7	946	969.3	937.2
income state budget	100	200	142	14
total income	801.7	1,146	1,111.3	951.2
planned income not received	55.6	11.7	91.5	151.5
expenditure	1023.5	1,182.7	1,210	1,196
gap between income and expenditure	-221.8	-36.7	-98.7	-244.8
gap as % of income	-27.7%	-3.2%	-8.9%	-25.7%

Source: SoDra

The impact of the law amending tax and social insurance contributions has been discussed at various points in this report:

- No significant increases in taxation for most employed persons, except for purchase-related taxes (increased VAT in general, significantly increased VAT on medicines, heating costs, petrol and alcohol taxes etc; section 2)
- Very significant increases in social and health insurance contributions for the self-employed earning up to LTL 71,242 per year (section [2.1.5](#))
- A reduction of the amount transferred to private pensions funds (Pillar 2) from the Sodra contributions (section [2.1.1.1](#)).

<sup>125</sup> Swedbank press release on economic development, <http://ekonomika.atn.lt/straipsnis/9519/lietuvos-ekonomikos-prognozes-bedarbyste-ir-jokio-pakilimo>.

<sup>126</sup> Swedbank press release on economic development, <http://www.swedbank.lt/lt/articles/view/995>.

<sup>127</sup> SoDra Press release Budget for January 2009

[http://www.sodra.lt/index.php?cid=709&new\\_id=3999&page\\_nr=&year=2009&month=02&forma=form\\_0](http://www.sodra.lt/index.php?cid=709&new_id=3999&page_nr=&year=2009&month=02&forma=form_0).

<sup>128</sup> SoDra press release income February 2009

[http://www.sodra.lt/index.php?cid=709&new\\_id=4091&page\\_nr=&year=2009&month=03&forma=form\\_0](http://www.sodra.lt/index.php?cid=709&new_id=4091&page_nr=&year=2009&month=03&forma=form_0).

<sup>129</sup> SoDra press release income March 2009

[http://www.sodra.lt/index.php?cid=709&new\\_id=4439&page\\_nr=&year=2009&month=04&forma=form\\_0](http://www.sodra.lt/index.php?cid=709&new_id=4439&page_nr=&year=2009&month=04&forma=form_0).

<sup>130</sup> SoDra press release income April 2009, [http://www.sodra.lt/index.php?cid=182&new\\_id=4656&page\\_nr=](http://www.sodra.lt/index.php?cid=182&new_id=4656&page_nr=).



- A delay in paying out remaining payments to pensioners working between 1995 and 2002, with the last two payments originally to be made in July and December 2009, will now be paid in 2009 and 2010.<sup>131</sup>

The introduction of the law was so rushed that much confusion resulted in the early part of 2009, and a number of amendments were brought in in the early months of 2009. The law on social insurance was valid from 1 January to 4 March 2009; from 5 March 2009 five further laws amending the law on social insurance were approved.<sup>132</sup> This was the result of considerable public pressure, not least from certain interest groups, e.g. lawyers, who were particularly hard hit by the December 2008 law.

The MSSL now sees the main focus of its activities in relation to pensions as that of balancing the SoDra budget. Since there is no law on the indexation of pensions, it is relatively easy to control this expenditure, by simply not increasing pensions.

The main area of controversy currently is that of reducing the transfer of pension contributions from 5.5% to no more than 2% from July 2009, though it will return to its previous level by 2011, and even increase to 6% from 2012. There are a number of ways of looking at this:

Contributors pay the same amount of contributions overall; provided that the SoDra system remains stable, it is possible that this may actually protect them from the vagaries of the market-based pensions system. Romas Lazutka, a respected pensions analyst, suggests that investing in the market at the current time is 'foolishness' (though the Free Market Institute calls for an increase of transfers to private pensions funds<sup>133</sup>). This is particularly relevant given the World Bank's comment that the Lithuanian Pillar 2 'is the most liberal (ie 'uncontrolled'?) pillar in the world'<sup>134</sup> and the National Audit Office's concerns about the high management costs of Pillar 2 (which will be even higher proportionately if the transfers from SoDra are reduced), and the lack of guarantees on the profits made in this system.<sup>135</sup>

The state budget needs to transfer fewer funds to SoDra to cover its shortfall (of contributions transferred to Pillar 2). However, since there is no law on how the state should refund this, and given that for political and humanitarian reasons, pensions have to be paid, it is not certain whether this will save state budget expenditure.

At the same time, the World Bank's analysis estimates that only 10% of the persons contributing to Pillar 2 are aged over 50, and thus there is a chance that current poor performance may be made up by better performance in the course of time.

However, the unilateral decision by the Government to cut the rate of transfers to the market-based pensions sector will contribute to the population's distrust in the Government. According to a Eurobarometer survey carried out at the time of the general election in 2008

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<sup>131</sup> The four payments were paid out, depending on the recipients age; with the youngest pensioners (those aged under 65 on 1 April 2008) having to wait longest. Where pensioners have died, their estate will be paid in December 2010 (one hopes that the surviving spouses will survive till then). Relatively 'young' persons may have received pensions on the grounds of special status or invalidity (though one questions the ability of 'invalidity' pensioners to have worked at the same time).

<sup>132</sup> The first five laws on this [list http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=334955](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=334955).

<sup>133</sup> Lithuanian Free Market Institute, 'The appeal of economists: the pensions system's downfall' [http://www.lrinka.lt/index.php/analitiniai\\_darbai/salies\\_ekonomistu\\_kreipimasis\\_del\\_pensiju\\_reformas\\_zlu\\_gdymo/5193](http://www.lrinka.lt/index.php/analitiniai_darbai/salies_ekonomistu_kreipimasis_del_pensiju_reformas_zlu_gdymo/5193).

<sup>134</sup> H P Rudolph, A Zviniene, 3 Challenges Lithuanian Pensions System, 8 April 2009, [www.vpk.lt/new/documents/3%20Challenges%20Lithuanian%20Pension%20System.ppt](http://www.vpk.lt/new/documents/3%20Challenges%20Lithuanian%20Pension%20System.ppt).

<sup>135</sup> National Audit Office, Report on Social Insurance System Reform, 2008.

(between 9 and 27 October, election day was 18. October), 84% of Lithuanian residents do not trust the Government.<sup>136</sup> Given that the rates of transfer to private pensions funds were supposed to be 'fixed', already one citizen is taking SoDra to court over this change,<sup>137</sup> and a Labour Party member of Parliament is proposing that this question should be investigated by the Constitutional Court<sup>138</sup> (especially, perhaps, in case of the 2003 decision that pensions are private property<sup>139</sup>). Banks, too, see this as a risk of 'undermining the whole private pensions system'.<sup>140</sup> Despite this, 28,173 persons have signed private pension agreements from January to April 2009, bringing the total up to 984,000 persons with such agreements.<sup>141</sup> In the whole of 2008, the number of agreements signed was 78,272.

In 2008 the transfers to private pension funds totalled LTL 1.064<sup>142</sup> million (EUR 308 million); this represented 1% of GDP. It is estimated that in 2009 less than half that amount (LTL 456m) will be transferred. This will have an impact on the managers of private pensions funds who are paid a management fee of between 1.5% and 10%<sup>143</sup> of the funds transferred<sup>144,145</sup>. Since the gap does not lead to increased consumption (by the population) it is unlikely that it may contribute to any recovery.

It is not clear how this issue will be addressed further, and on a more sustainable basis. The World Bank<sup>146</sup> suggests that even 'complete nationalisation' of Pillar 2 will not address issues relating to the SoDra budget. The solutions suggested by the World Bank team, of 1) removing indexation [which does not exist] or cutting pensions, 2) limiting the inflow of pensioners through raising of retirement ages, 3) raising contributions, 4) diverting funds from other sources, e.g. health, and 5) giving a signal that these changes are only transitory, are all highly unpalatable politically (apart from items 2 and perhaps item 5, but popular trust in this is likely to be limited).

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<sup>136</sup> Eurobarometer National Report Executive Summary, Autumn 2008, [www.ec.europa.eu/lietuva/documents/20012009\\_lithuania\\_eb70\\_summary\\_eng.doc](http://www.ec.europa.eu/lietuva/documents/20012009_lithuania_eb70_summary_eng.doc).

<sup>137</sup> Article on Marijus Kersys' court case against SoDra about the reduced transfers to private pensions funds [http://www.marketnews.lt/naujiena/sodrai\\_gali\\_tekti\\_teisme\\_aiskintis\\_kodel\\_nevykdo\\_isipareigojimu\\_busi\\_miems\\_pensininkams](http://www.marketnews.lt/naujiena/sodrai_gali_tekti_teisme_aiskintis_kodel_nevykdo_isipareigojimu_busi_miems_pensininkams).

<sup>138</sup> Article in 'Klaipeda' newspaper on MP's proposal to ask the Constitutional Court to clarify the question of reduced transfers to private pensions funds; 15 April 2009 <http://klaipeda.diena.lt/dienrastis/ekonomika/del-sodros-imoku-i-konstitucini-teisma-212321>.

<sup>139</sup> Constitutional Court Decision stating that pensions are 'private property' <http://www.lrkt.lt/dokumentai/2003/s030513.htm>.

<sup>140</sup> Article on the reduction of transfers to private pensions funds, [http://www.ipe.com/news/Lithuania\\_to\\_cut\\_private\\_pension\\_contributions\\_29954.php](http://www.ipe.com/news/Lithuania_to_cut_private_pension_contributions_29954.php).

<sup>141</sup> Data on total private pensions agreements, <http://www.pensijusistema.lt/index.php?-1225997409>.

<sup>142</sup> SoDra, Preliminary data, 'Numbers and Facts', <http://www.sodra.lt/get.php?f.4658>.

<sup>143</sup> Management charges of private pensions funds, Pensijų fondų taikomi mokesčiai, <http://www.pensijusistema.lt/index.php?-715887777>.

<sup>144</sup> R Lazutka, 'Investing in this time is foolishness' <http://ekonomika.atn.lt/straipsnis/7157/rlazutka-tokiu-laikotarpiu-investuoti-%E2%80%93-kvailyste>.

<sup>145</sup> Some people query the morality of relatively large management charges on money that is, in the first place, paid to the state – but these are public information, and investors should be aware of these.

<sup>146</sup> H P Rudolph, A Zviniene, 3 Challenges Lithuanian Pensions System, 8 April 2009, [www.vpk.lt/new/documents/3%20Challenges%20Lithuanian%20Pension%20System.ppt](http://www.vpk.lt/new/documents/3%20Challenges%20Lithuanian%20Pension%20System.ppt).

## 3.2 Health Care

The SPF is facing a budget cut of 6.2%.<sup>147</sup> The main step it has taken to reduce costs in the health service is by reducing the funding for treatments. Treatments are paid for based on a points score; previously each point was worth LTL 1; now it is worth LTL 0.89.<sup>148</sup> The Lithuanian Free Market Institute, which describes the health system as 'ineffective, lacking in clarity, not transparent, ignoring the consumer, competitively restrictive, with random decision-making, etc',<sup>149</sup> suggests that it is impossible to provide the same treatments at a 11% reduced costs. It calls for increased competition, transparent financing, and reductions in compensations for drugs (ie making the sick service user pay more for their drugs, in addition to already paying higher taxes etc this year). Hospitals have various ways of dealing with this cut in funding; in some staff are taking unpaid leave,<sup>150</sup> other hospitals reduce their staffing.<sup>151</sup> Since the funding continues to be 'per treatment' it is not possible to reduce the number of patients treated. This puts health care providers in an almost impossible position – they cannot afford to provide fewer treatments, and they must find it difficult to provide those treatments required.

The salaries of heads of health care institutions (9 institutions, employing some 2500 people) under the Ministry of Health have been reduced by an average of 10%.<sup>152</sup>

Another factor impacting on health care is that of increased VAT on medical drugs; VAT increased from 5% to 19% for these from January 2009 (for drugs compensated under the health system from July 2009).<sup>153</sup> A pharmaceutical wholesaler describes this as 'waiting for a nuclear war'.<sup>154</sup>

In terms of mental health care, the Global Initiative on Psychiatry<sup>155</sup> (GIP) fears that cuts in spending will lead to a freezing of mental health services development. Apart from the Mental Health Strategy being stuck (see section 2.2.4) in its implementation, there are dangers that certain specific pilot programmes may also face funding cuts. Given their estimate that the care of persons in large-scale residential institutions costs, on average, 15 times as much as community care, this may in fact have a counterproductive financial effect (apart from the damage long-term institutional care does to the residents of those institutions).

As in the case of the new tax and social insurance system, currently there is much confusion about what is paid and not paid for in the health service. In April 2009 the Health Minister added 20 generic medications to the list of compensated medicines, to help reduce costs (an

<sup>147</sup> Press release of the State Patient's Fund Council Meeting 8 May 2009, [http://www.vlk.lt/vlk/pr/?page=tit&kat\\_id=1](http://www.vlk.lt/vlk/pr/?page=tit&kat_id=1).

<sup>148</sup> Ministry of Health Order 15 May 2009, 'On the basic value of a point' (for payment of health services), [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=344066&p\\_query=&p\\_tr2=](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=344066&p_query=&p_tr2=).

<sup>149</sup> Ruta Vainiene, 'Weeds in the Health System', [http://www.alfa.lt/straipsnis/10271964/?Sveikatos.sistemas.piktzolynas=2009-05-08\\_07-34](http://www.alfa.lt/straipsnis/10271964/?Sveikatos.sistemas.piktzolynas=2009-05-08_07-34).

<sup>150</sup> Delfi.lt, 'For medical treatment robbed twice', <http://www.delfi.lt/archive/article.php?id=21996449>.

<sup>151</sup> Respublika newspaper, 'To the hospital, only with a full purse', 18 May 2009, [http://www.respublika.lt/lt/naujienos/lietuva/krasto\\_zinios/i\\_ligonine\\_tik\\_su\\_pilna\\_pinigine/coments.1](http://www.respublika.lt/lt/naujienos/lietuva/krasto_zinios/i_ligonine_tik_su_pilna_pinigine/coments.1).

<sup>152</sup> 'Cut salaries of health care institution heads', <http://www.medicine.lt/index.php?pagrid=aktualijos&subid=naujienos&naujid=1954>.

<sup>153</sup> Law on Value Added Tax, [http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc\\_l?p\\_id=334636](http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_l?p_id=334636).

<sup>154</sup> Article about increased price of drugs <http://www.pasveik.lt/naujienos/galvosopis-del-vaistu-kainu/25418>.

<sup>155</sup> Global Initiative on Psychiatry, Press release 1 April 2009, 'Suicide, aggression....', <http://www.gip-vilnius.lt/pranesimai/pranesimas20090401.html>.

estimated saving of LTL 4.3 million [EUR 1.25 million]<sup>156</sup>). A patient complains that she was asked to buy drugs and equipment, including latex gloves, for her son's operation when she herself, a year earlier, was given them for free; but different patients give different reports (ibid).

Somewhat surprisingly the use of the e-health system has reduced in 2009. While it could be imagined that its use helps to create efficiencies in the health sector, in fact the percentage of health care institutions where patients can register by this system has dropped from 9.8% in 2007 to 8% in 2009, and consultations by internet have dropped from 11.7% in 2007 to 8.7%.<sup>157</sup>

One interlocutor proposed the interesting idea that the economic crisis may also lead to some health gains; e.g. there may be fewer traffic accidents and the consumption of alcohol, tobacco and unhealthy foods may reduce.

### 3.3 Long-term care

In terms of long-term care Lithuania is rather 'stuck with' the number of people in long-term care institutions. While costs for institutions may be reduced, and renovations may be put on hold (even when using EU Structural Funds to improve institutions, co-payments are required), given the relative absence of alternative community-based care this client group cannot simply be discharged from institutions in order to save funds. Given that much long-term care is under the responsibility of municipalities, it is difficult to find national data. In the case of Vilnius Municipality, it increased the support for persons living in residential care facilities in March 2009, to cover increased costs of communal charges, food etc.<sup>158</sup>

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<sup>156</sup> Ministry of Health Press Release, 17 April 2009, 'Changes in compensated medicines will save LTL 4.3 million', [http://www.sam.lt/go.php/lit/Kompensuojamu\\_vaistu\\_kainyno\\_pakeitimas\\_/65/1](http://www.sam.lt/go.php/lit/Kompensuojamu_vaistu_kainyno_pakeitimas_/65/1).

<sup>157</sup> 'The possibility to register and consult with a doctor by internet has reduced', <http://www.medicine.lt/index.php?pagrid=aktualijos&subid=naujienos&naujid=1939>.

<sup>158</sup> 'Vilnius Raion Municipality increases the compensations for social care services', <http://www.vilniaus-r.lt/index.php?id=6945>.

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[http://www.alfa.lt/straipsnis/10271964/?Sveikatos.sistemos.piktzolynas=2009-05-08\\_07-34](http://www.alfa.lt/straipsnis/10271964/?Sveikatos.sistemos.piktzolynas=2009-05-08_07-34)

## 4 Abstracts of Relevant Publications on Social Protection

### [R] Pensions

[R1] General trends: demographic and financial forecasts

[R2] General organisation: pillars, financing, calculation methods or pension formula

[R3] Retirement age: legal age, early retirement, etc.

[R4] Older workers activity: active measures on labour market, unemployment benefit policies, etc.

[R5] Income and income conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work, etc.

**[R1]** BITINAS, Audrius, «Lietuvos Pensiju Sistemų Modelis Ir Pensiju Garantijų Perspektyvos», *Jurisprudencija* (1392-6195), 01/08/2008. Vol.8, Iss.110; p.18-26

“The Lithuanian pensions system model and pension guarantee perspectives”

*This article describes the problems and the tendencies of the Lithuanian pension system model, analysing its status and perspectives, the pension system activities, and making recommendations on how to enhance the Lithuanian pension system guarantees, adequacy and sustainability.*

**[R2]** BITINAS, Audrius, «Lietuvos Pensiju Sistemų Modelis: Teisiniai Aspektai Ir Valdymas», *Public Administration* (16484541) (1648-4541); 01/12/2008. Vol.4, Iss.20; p.41-51

“Lithuanian pension system model: legal aspects and management”

*The article contains a description of the Lithuanian pension system model legal aspects and management problems.*

**[R1-5]** “Social protection and social inclusion policies in Lithuania: further development and future perspectives 2008-2010” (in English); this is a description of a report, authors not stated. Timeframe: June 2008 / August 2008; prepared for the MINISTRY OF SOCIAL AFFAIRS AND LABOUR OF THE REPUBLIC OF LITHUANIA.

*The major aim of this assignment was to provide suggestions for further development of Lithuanian social protection and social inclusion policies. PPMI made a comprehensive assessment of the most important developments of these policies and their achievement in 2006-2008. Also, the questions of governance and coordination with Lisbon strategy were assessed. The final report identified the priority objectives, goals and measures and set indicators for their achievement in 2008-2010. Based on the suggestions by the PPMI, some parts of the National Strategy Report on Social Protection and Social Inclusion were prepared.*

### [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

[H4] COCKCROFT, A.; ANDERSSON, N.; PAREDES-SOLÍS, S.; CALDWELL, D.; MITCHELL, S.; MILNE, D.; MERHI, S.; ROCHE, M.; KONCEVICIUTE, E.; LEDOGAR, R.J.,

“An inter-country comparison of unofficial payments: Results of a health sector social audit in the Baltic States”, BMC Health Services Research, 01 January 2008, Vol.8.

*A social audit of the health sector of the three Baltic States (2002) using 10,320 household interviews from a stratified, last-stage-random, sample of 30 clusters per country, was followed by separate focus groups of service users, nurses and doctors interpreted these findings. Nearly one half of the respondents did not consider unofficial payments to health workers to be corruption, yet one half (Estonia 43%, Latvia 45%, Lithuania 64%) thought the level of corruption in Government health services was high. Very few (Estonia 1%, Latvia 3%, Lithuania 8%) admitted to making unofficial payments in their last contact with the services. Around 14% of household members across the three countries gave gifts in their last contact with Government services. Lithuania evidenced the most unofficial payments, the greatest mistrust towards the system. These findings can serve as a baseline for interventions, and to compare each country's approach to health*

[H2] GLOBAL INITIATIVE ON PSYCHIATRY, Germanavicius, Arunas, Puras, Dainius, Rimsaite, Egle, Juodkaite, Dovile, “Lithuania”, in Human Rights in Mental Health Care in Baltic Countries (undated; booklet published in English) <http://www.gip-vilnius.lt/leidiniai.html>

*This small book is the outcome of the EU project ‘Monitoring Human Rights and Prevention of Torture in Closed Institutions: Prisons, Police Cells and Mental Health Care Institutions in Baltic Countries’. In relation to Lithuania it states that mental disturbance levels are still very high, and that the inheritance of close Soviet models of mental health care and societal attitudes both remain a problem. Care of persons with long-term mental health problems remains institution-based, due to a continuing lack of community-based services. The article on Lithuania describes issues relating to persons with mental health problems in addition to societal attitudes: there is no tradition of using research to develop evidence-based knowledge; while many investments have been made to improve conditions in institutional care, this effectively confirms the status quo. The article outlines recent changes, such as those relating to social care and the integration of the disabled. Of the people living in state social care homes, the report estimates that 18% could live in the community. It ends by listing human rights violations – most human rights are violated in relation to persons with mental health problems.*

[H7] GLOBAL INITIATIVE ON PSYCHIATRY; Valentukevicius, Romas, Juodkaite, Dovile, Dumcius, Animantas, Kecaite, Klementina, «Neveiksnumo Problematika Europos Sajungos Deklaruojamų Vertybių Kontekste», undated <http://www.gip-vilnius.lt/leidiniai.html> “Incapacity Problematics in the Context of Values Declared by the EU”

*This paper focuses on the problems faced by persons considered incapable by the law, and their human rights. It makes a number of recommendations for legal reform: this group should not be discriminated against; the concept and timing of ‘means of protection’ in relation to this group needs to be clarified; individual needs and changes in these should be responded to appropriately; where people are declared incapable, this should be based on individual assessment. Protection arrangements must be appropriate, taking into account the welfare of the patient. The patients rights*

*in relation to guardians being appointed for him must be respect, as well as the patient's right to participation in decisions made about them, including also the right to have legal representation. The system of guardianship of patients must be subject to state supervision, and the guardian's rights should be limited, for example with respect to the use of the patient's property and income, and the guardian's right to have a person admitted to residential care. There should also be a possibility to remove the right of guardianship from the guardian. Patients receiving social care should be subject to regular case review.*

**[H4]** JANKAUSKIENĖ Danguolė, ALIŠAUSKIENĖ Rasa, NAVICKIENĖ Ramunė, VAITKEVIČIENĖ Ramunė

“Evaluation of patient’s participation in health care system” (published in English), (‘Visuomenės Sveikata’ No 3, 2008)

*The study evaluated patient's participation level in health care system in Lithuania and to compare the answers among population and doctors. The results reflect the opinion of 15–74 years old Lithuanian inhabitants by gender, age, education, accommodation. Even though the population is quite skeptical in their possibilities to participate in decision making, patient's participation in health care process is increasing: more than a half of respondents are satisfied with information about health care services, accessibility and quality of provision. Level of patient's rights is still low, but not unequal: only every fifth patient knows his rights well, but a few rights are known much better than others. Right to the quality of the services and access, right to choose the doctor, nurse and health care institution, right to complain know more than seven out of ten respondents. The least known rights are: right to choose to participate in teaching and research process, to be in ignorance of their health situation, right to choose the method of diagnostics and treatment, right to refuse the treatment. Every second respondent knows the right to information, confidentiality, and right to the damage reimbursement. Reliance in doctors and health care institutions is much higher than confidence in health care system. Physicians are much more critical of health care system than population.*

**[H4]** KUTKAUSKIENE, Jelena, «Paciento Teisiu Ir Pareigu Teisinio Reglamentavimo Lietuvoje Problematika Ir Raidos Tendencijos», Jurisprudencija (1392-6195), 01 December 2008. Vol.12, Iss. 114; pp.82-91

“Issues and Development Tendencies in Lithuania related to Legal Regulation of Patients’ Rights and Duties”

*This article reviews the development of legal regulation of patients' rights and duties 1991. It analyses the patient's rights and duties in health care, health laws on the patients' rights and duties, compares them with other legal institutes, evaluates concepts and court practice on this issue. Special attention is paid to the development of regulation of the patients' rights and duties. There are issues relating to legal requirements. Both patients and doctors have duties laid down by law. The article analyzes the shortcomings of the regulation of a patient's right to complain and evaluates the legitimacy of the standard patient informed consent form. A patient's right to accessible health care is declining. This is in contrast to the tendencies of legislative regulation of the Scandinavian states. The draft of Law on the Rights of Patients and Compensation of the Damage to their Health envisages a patient's duty to provide the health care specialists with information. The article evaluates this duty and recommends defining by law the social and cultural values which a patient is expected to share with a doctor. Such regulation would set the right to collect*



*information about the facts of a patient's private life that are necessary to make a correct diagnosis, select the appropriate treatment or nursing.*

**[H4, H5]** STEPONAVICIENE, Guoda, ZYLIUS, Rimantas, JANONIENE, Raimonda, PIASECKA, Aneta, “The Development of eServices in an Enlarged EU: eGovernment and eHealth in Lithuania” (in English) JRC Scientific and Technical Reports, EUR 23050 EN/2 – 2007 (published on Free Market Institute Website 26 March 2008), [http://ftp.jrc.es/EURdoc/eur23050en\\_2.pdf](http://ftp.jrc.es/EURdoc/eur23050en_2.pdf)

*This report, written by Lithuanian Free Market Institute experts, discusses the spread of e-Government and e-health across Lithuania. First, it describes Lithuania's Government and health system and the role played by eGovernment and eHealth within this system. Then, the major technical, economic, political, ethical and socio-cultural factors of the eGovernment and eHealth developments, as well as the major drivers and barriers for them in the country, are assessed. These provide the basis for the identification and discussion of policy options to address the major challenges and to suggest R&D issues for facing the needs of the country. It states that the spread of eHealth in the public health sector is still quite limited and fragmented. In an ideal situation eHealth can reduce costs e.g. by reducing the number of repeated tests. The report identifies the main constraints against more efficient use of IT in health care as 'distorted motivation' of public institutions and employees, and absence of legal frameworks. It then makes a number of recommendations for change.*

**[H6]** ZAMARYTE, Kristina: «Civilines Atsakomybes Uz Klinikiniu Vaistiniu Preparatu Tyrimu Metu Tiriamajam Asmeniui Padaryta Zala Probleminiai Aspektai», Jurisprudencija (1392-6195), 01/12/2008. Vol.12, Iss. 114; p.52-63

“Problematic aspects of civil liability for damage caused to an individual through the application of pharmaceutical preparations in clinical trials”

*This article is about the high number of people participating in clinical trials. The high number of lawsuits in foreign countries indicates the high levels of risk involved. While this is regulated by the EU Clinical Trials Directive, civil liability for harm made to the trial participant has not yet been examined Lithuanian doctrine of law. The article analyzes Lithuanian legal acts, juridicial practice, the doctrine of law and foreign scientific resources in order to assess the specifics of civil liability for harm to the participant of clinical trials of medicinal preparations. It examines whether actions of investigators during the clinical trial can be regarded as health care services in the Lithuanian legal system. It also examines the civil liability of health care institutions and medical practitioners involved in the trial as well as sponsor's and investigator's liabilities for harm occurring during the investigation. Legal regulation of the compulsory clinical trial insurance in Lithuania is also discussed. The problematic aspects of civil liability for harm to the clinical trial participant are emphasised throughout the article. The author provides recommendations for further development of Lithuanian legal regulation, puts forward several proposals on resolving questions arising in practical situations and suggests possible directions for further scientific research.*

[L] Long-term care

[L] «Social protection and social inclusion policies in Lithuania: further development and future perspectives 2008-2010» (in English); this is a description of a report, authors not stated. Timeframe: June 2008 / August 2008; prepared for the MINISTRY OF SOCIAL AFFAIRS AND LABOUR OF THE REPUBLIC OF LITHUANIA.

*The major aim of this assignment was to provide suggestions for further development of Lithuanian social protection and social inclusion policies. PPMI made a comprehensive assessment of the most important developments of these policies and their achievement in 2006-2008. Also, the questions of governance and coordination with Lisbon strategy were assessed. The final report identified the priority objectives, goals and measures and set indicators for their achievement in 2008-2010. Based on the suggestions by the PPMI, some parts of the National Strategy Report on Social Protection and Social Inclusion were prepared.*

[L] TAMOŠIŪNAS, Tadas, KALVAITIS, Albinas, TAMOŠIŪNIENĖ, Olga ,«Socialinės Globos Atitikties Licencijuojamai Veiklai Sąlygų Analizė, MSSL report on care homes», Socialinės globos atitikties licencijuojamai veiklai sąlygų analizė (6,361 Kb) <http://www.socmin.lt/index.php?1606775163>, 2008.

“Analysis of conditions for correspondence of social care with the licenced activities”

*From 2010 only those care homes can provide services who are licenced by the Social Services Supervision Department under the MSSL. The report analyses the current coherence of services in care homes with licensing conditions; currently the situation is still fairly unclear, and much needs to be done for care home providers to understand what is required of them, and to make the necessary changes. Particular problems relate to staffing mix and staffing qualifications, building and equipment provision. The report goes on to discuss in detail what requirements, particularly documentary, may be needed in each step of the licencing process.*

## 5 List of Important Institutions

### **State Social Insurance Fund (SoDra)**

Address: Konstitucijos pr. 12, LT-09308 Vilnius

Webpage: [www.sodra.lt](http://www.sodra.lt)

*The State Social Insurance Fund Board, under the Ministry of Social Security and Labour, (further referred to as “SODRA”, “Fund Board” or just “the Board”) is the institution engaged in administration of the public social insurance fund, responsible for coordination and methodical management of the territorial offices under its direct subordination, in order to ensure effective and high quality work of such territorial offices and other subordinate institutions, as well as perform controls over them. The main function of "Sodra" is ensuring the enforcement of legal acts in regulation of the state social insurance. It collects social insurance contributions (including those covering unemployment insurance) from employers and the self-employed, and calculates and pays out contributory benefits (except unemployment benefits). The website, in Lithuania, provides a wide range of information on pensions entitlements, contributions requirements, benefits types and entitlements etc. A limited version of the website is available in English.*

### **The Social Services Supervision Department**

Address: A.Vivulskio st. 16, LT-03115 Vilnius

Webpage: <http://www.sppd.lt/>

*The Department performs the following functions: provides methodological assistance regarding application of social care norms and control of quality of general social services and social care; establishes common practice of application of social care norms and requirements for general social service and social care; licensing and monitoring against license requirements; controls the process of individual/family needs assessment; administers social programmes and projects at the state level and controls how the allocated funds are used; administers social programmes and projects at municipal levels and controls how the allocated funds are used; administers IT systems (registers) related to the implementation of state social programmes and projects; deals with citizens' and other persons' complaints and suggestions regarding the quality of services provided by social institutions; cooperates and shares good practices in the field of social security with relevant Lithuanian and foreign institutions and international organisations. The organisation has a limited English-language website.*

### **Labour and Social Research Institute**

Address: Rinktines g 48, LT-09318 Vilnius

Webpage: [www.dsti.lt](http://www.dsti.lt)

*This institute, under the MSSSL, is a public research institution with core activities consisting of theoretical, methodological and applied research in social security and labour market areas. The Institute is a legal person exercising its economic, financial, organisational and legal independence. It carries out scientific research and participates in/organises training events. The focus of the institute's activities tend to be more labour-market related, rather than on pensions policy – health is not covered by this institute.*

### **State Patient's Fund (SPF)**

Address: Kalvariju g 147, LT-08221 Vilnius

Webpage: [www.vlk.lt](http://www.vlk.lt)

*The State Patient's Fund, under the Ministry of Health, is responsible for the disbursement of funds to health providers in order to pay for treatment. These funds are collected from the tax system, the social insurance system (depending on the type of contributor) and the state budget, and then allocated to the SPF's 5 regional branches for disbursement. Each location in Lithuania has a branch of the regional SPF which can be accessed by members of the public who have questions in relation to their state health insurance coverage. The website has a (slightly flawed) and limited version in English, providing also information for tourists.*

### **The Lithuanian Health Information Centre**

Webpage: [www.lsic.lt](http://www.lsic.lt)

*This organisation is under the Ministry of Health, and cooperates with the World Health Organisation. It provides a range of statistical data in relation to Lithuanian health care, both in English and Lithuanian, though the Lithuanian version also allows a database search. The data are reasonably up to date – at the time of writing (May 2009) only the most important, summary, data are available for 2008, other data cover up to 2007.*

### **Department of Statistics**

Address: Gedimino Ave 29, LT-08500 Vilnius

Webpage: [www.stat.gov.lt](http://www.stat.gov.lt)

*The Department of Statistic, under the Lithuanian Government, provides a wide range of data on Lithuania, including the economy, health care and social care; and specific databases can be accessed in search to answers for specific questions, both in English and Lithuanian. Some data are more up-to-date than others (currently some data are only available up to the end of 2007 or 2008, whereas others, e.g. some economic data, are available up to the last month). The Department of Statistics has its own way of calculating some indicators, and this may vary compared to other sources; e.g. the Labour Exchange counts unemployment by the number of persons registered with it as unemployed, whereas the Department of Statistics uses the Labour Force Survey.*

### **Kaunas University Medical Faculty (Philosophy and Social Sciences Department)**

Address: A. Mickevičiaus 9, LT-44307 Kaunas

Phone: 00370 37 327201

Webpage: <http://www.kmu.lt/index.php?cid=418>

*This department in Kaunas Medical University teaches and carries out research into non-medical areas related to health care, e.g. on patient participation, ethics etc. The Lithuanian website has some information on publications in English, though is not currently up-to-date. The English part of the website is almost non-existent.*

### **Vilnius University**

Faculty of Economics

Address: Sauletekio 9, Vilnius

Webpage: [www.ef.vu.lt](http://www.ef.vu.lt)

Faculty of Philosophy – Social Work Department

Address: Universiteto g. 9/1, 309, 310, Vilnius

Webpage: [www.fsf.vu.lt](http://www.fsf.vu.lt)

*Staff in this university, in particular Teodoras Medaiskis of the Economics Faculty, and Romas Lazutka, head of the Social Work Department in the Faculty of Philosophy, have probably the most in-depth understanding of Lithuanian social sector politics, in relation to pensions and social protection – subjects aligned to the MSSL. The Social Work Department in particular carries out research into social policy (not health).*

### **Global Initiative on Psychiatry**

Address: M.K Oginskio g.3, LT-10219 Vilnius.

Webpage: [www.gip-vilnius.lt](http://www.gip-vilnius.lt)

*This is part of an international NGO supporting the development of modern and community-based mental health care in different countries of the world. As part of this work, the organisation also carries out researches into current systems, and provides policy feedback to the Government as required. Two of its publications, self-published, are abstracted in this document.*

### **Health Economics Centre**

Address: P.Vileišio gatvė 18, 2 korpusas, 301, 10306 Vilnius

Webpage: [www.sec.lt](http://www.sec.lt)

*This is a private company specialising in projects relating to health and social protection economic and policy issues. It has carried out projects and research for (or supported by) the following organisations: Ministry of Health, Ministry of Finance, Ministry of Economy, Ministry of Social Protection and Labour, National Health Board, State Patient Fund, SODRA, Social Protection Training and Research Centre, Health care institutions and their founders, other institutions and enterprises, World Bank, Open Society Lithuania Fund, PHARE, World Health Organisation.*

### **Lietuvos Respublikos Socialinės apsaugos ir darbo ministerija – Ministry of Social Security and Labour**

Address: A.Vivulskio str. 11, 03610 Vilnius, Lithuania

Webpage: <http://www.socmin.lt>

*The Ministry of Social Security and Labour deals with welfare assistance, employment problems, the preparation of bills, and the initiation of new proposals. The Ministry of Social Security and Labour sets the standards of social protection and assistance and analyses the social situation of the state. The Ministry of Social Security and Labour also formulate a strategy of rehabilitation and integration of disabled people. Together with other institutions, the Ministry set criteria for medical treatment and organise the provision of compensatory equipment for the disabled.*

**Lietuvos Respublikos sveikatos apsaugos ministerija** – Ministry of Health of the Republic of Lithuania

Address: Vilnius str. 33, LT-01506 Vilnius, Lithuania

Webpage: <http://www.sam.lt>

*The Ministry of Health coordinates and administers all issues concerning the health sector. To pursue its goals and tasks, the Ministry implemented specialised departments (e.g. Health Policy and Economics Department; Personal Health Care Department) for the health sub-sections. Additionally there are different institutions (e.g. Lithuanian AIDS Centre; Vilnius University Hospital Santariškių Clinics) under the Ministry of Health.*

**Lithuanian Free Market Institute**

Address: Jasinskio g 16a, LT01112 Vilnius

Webpage: [www.lrinka.lt](http://www.lrinka.lt)

*This organisation is both a political think-tank and a research organisation, occasionally carrying out research projects for clients, including the EU. In addition it provides comments on Government proposals, and writes articles in newspapers outlining its view on particular problems, and suggests ways to address these. It does, however, have a specific political orientation.*

**Public Policy and Management Institute**

Address: Gedimino pr 50, 01110 Vilnius

Webpage: [www.vpvi.lt](http://www.vpvi.lt)

*Experts of the Institute have been working in the field of public policy for almost ten years. During this period significant experience has been accumulated in various sectors of public policy, including, amongst others: employment and labour market policy; social security, social inclusion, equal opportunities and anti-discrimination; research and development. Most recently (2008) it worked on a report for the MSSL relating to Social Inclusion, though this was not published. The institute also carries out work funded by the EU.*

**Social Policy Group (Socialines Politikos Grupe)**

Address: Rukeliškių g. 26-5, LT-10101, Vilnius

Webpage: [www.spg.lt](http://www.spg.lt)

*(Website only in Lithuanian) This group carries out researches and projects relating to aspects of social policy; current topics include equal opportunities, reducing risk factors in families, life-long learning, and vocational training.*

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/employment\\_social/progress/index\\_en.html](http://ec.europa.eu/employment_social/progress/index_en.html)