Annual National Report 2009

Pensions, Health and Long-term Care

Malta

May 2009

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On behalf of the
European Commission
DG Employment, Social Affairs and
Equal Opportunities

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1 Executive Summary

In a recent speech at the second annual Finance Malta Conference, the Governor of the Maltese Central Bank stated that the Central Bank's most recent forecast for the Maltese economy indicates that there will be "marginally negative growth rate in 2009".[1] The latest economic projections indeed suggest that most major economies, including those in the euro area, will contract this year and a recovery is only likely to set in well into 2010. The Central Bank's forecast, which was based on information available in February and which had already forecast a 2% growth in GDP now forecast the fall in GDP mainly as a result of the impact of the financial and economic crisis. The Maltese economy had relatively strong increases in GDP growth rates since joining the EU in 2004. With an average growth rate of 6.35% for the years 2005/6/7 the growth rate started to drop in 2008 along with most of the EU Member States following the world financial crisis. When one considers this expected drop in GDP growth with the latest National Statistics Office (NSO) statistics which showed that the number of registered unemployed rose by more than 1,110 during April 2009 when compared to the same month a year ago and is currently standing at approx 7,000 persons, the figures obviously reflect the impact of the financial and economic crisis on the Maltese economy. The real impact of the financial and economic crisis may not begin to be fully measured until the end of the tourism season in Malta when the numbers of incoming tourists has been calculated. In view of the fact that tourism is Malta's biggest industry the real depth of the recession vis a vis Malta may well not be known until very much later in the year.

The sustainability of the pension system is a key priority for all EU Member States, but Malta is in a difficult position in this area as has been outlined by the EC Ageing Report 2009. In its Ageing Report, the EC found, "A number of countries (Greece, Cyprus, Luxembourg, Malta, Spain, Romania and Slovenia) have made only limited progress so far in reforming their pension systems or are experiencing maturing pension systems and escalating spending."

The report goes on to state that "for these countries, there is an urgent need for a modernisation of pension systems to start bending back the curve of long-term costs." The Ageing Report also pointed out that "Malta's pension expenditure is growing at a faster rate than GDP".

This is not to say that the Maltese Government is not addressing this important issue. A significant start has been made in relation to extending the retirement age to 65 and certain incentives have been put in place to facilitate this initiative.

In the health care area, there have been a number of key developments purely in the management and administration field. The setting up of a Finance Compliance Unit (FCU) within the new Ministry of Social Policy will provide all necessary and effective financial support to all stakeholders and to senior management. This FCU has been in the pipeline even before the impact of the financial and economic crisis and its function will be to ensure that all Public Health related financial management is effected in a timely manner, within set financial parameters. This will also provide an effective accounting methodology and relevant accounting systems across the health system. It is proposed to allocate a qualified accountant to at least each of the main hospitals and last recorded information indicated that 10 or 11 new financial accountants would be employed to complete this work.

[1] Press release Malta Central Bank 29 May 2009, speech by Michael C Bonello, Governor, Central Bank of Malta at the Second Annual Conference of Finance, Malta.

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

2.1 Pensions

2.1.1 Overview of the systems characteristics and reforms

The pension system in Malta operates on a pay-as-you-go basis in which financial contributions are made by Employees, Employers and the State to fund retirement and widow's pension plus injury and sickness benefits. The main pension benefit is contributory and provides a two-thirds replacement ratio which is wage-indexed, subject to a nominal ceiling. This system is run by the Government and has almost universal coverage.

There is a small scale third pension pillar in operation but it is not expected that the effects of this pillar will impact on the overall Maltese pension environment for at least 20-25 years. At this time there appears to be very much movement in terms of the development of a second pension pillar and apart from a very specific category of civil servants this type of scheme has been redundant since as far back as 1979. The issues relating to the second pillar in particular will be dealt with in more detail later in this review.

The provision of guaranteed income in the form of various pension types (contributory or non-contributory benefits) to the elderly is one of the key elements underpinning the social security system in Malta. The recent 2007 and 2008 national budgets have further enhanced the "value" of these pensions to citizens whereby for instance pensioners now receive a 100% cost of living increase as distinct from 66% previously and also retirees can now earn an unlimited amount of income without any reductions in their pensions. These two improvements alone indicate the Maltese Government's commitment to ensuring that the elderly are treated as a high priority in terms of ensuring that pensioner incomes are maintained at a good threshold in relation to overall national income levels. The Government's vision is to provide a sound financial environment where Maltese elderly can enjoy their retirement life. The figures provided by the 2006 social security in Malta Synopsis[2] indicates that even without the current budgetary increases the expenditures on pensions between 2003 and 2004 have increased significantly.

Although it can be stated that the elderly in Malta are mainly dependent on the income support provided by the Government in terms of pensions and other social benefits there is a long tradition of maintaining support of the elderly by family members, the church and some voluntary services. The current management and administration of the pension system is highly regarded by a good majority of the citizens. The rates of pension payments are seen as reasonably generous and the three year calculation methodology is used by many to maximise their pension expectation as they come near retirement age.

There is definitely a growing awareness amongst the population in general and the ageing population in particular as to the long-term viability and sustainability of the pension system as it is currently organised and financed. As with most of the EU Member States there is recognition of the impending problems that will be caused by changing demographic patterns which will mean that in the not too distant future there will be more citizens receiving state pensions/benefits than there will be contributing to the system. The ageing population in particular is worried about the fall in the value of their future pensions which may result in a fall in their living standards.

[2] Social Security in Malta – a Synopsis Department of Social Security Publication Director's Office 2006 Appendix G, p. 60.

2.1.2 Overview of debates and the political discourse

One of the key developments in the field of pensions in Malta over the past number of years has been the completion of the work of the Pensions Working Group (PWG) and the presentation of its Formal Report in June 2005.[3] In the executive summary the report states that "it is pertinent to underline that the feedback received was unanimous in the fundamental conclusion that an option of 'no reform' to the current pension system is not a solution."

The PWG has recommended (no. 15) that the statutory retirement age for non-manual workers to the proposed 65 years should be gradual process, The PWG has provided a proposed table to increase the retirement age incrementally as follows

Table 1: Retirement age

Age at 1 January 2007	Retirement Age
55 yrs of age and over	no change
51 yrs of age to 54 yrs of age	62 years
48 yrs of age to 50 yrs of age	63 years
46 yrs of age and to 47 yrs of age	64 years
45 yrs of age and below	65 years

In recommendation no. 29 the PWG has also provided a detailed table outlining the proposed contribution period for the accumulation of the two-thirds pension entitlement. The restructuring figures provide an 11-year incremental increase in the number of working or accumulation years to achieve a 40-year entitlement span.

A couple of years later, the Maltese NSR (National Strategy for Pensions) 2008-10 concedes that "little progress has been made in increasing paid employment for less active workers". It is true to say that the removal on the capping of the National Minimum Income on earnings from pensioners aged under 65 will have an immediate impact on the length of time some of the over 60s will remain at work. This is a very proactive step and should have the desired outcomes to increase the numbers of over 60s remaining in employment and obviously still contributing to the system.

2.1.3 Impact assessment

In the 2009 Ageing Report[4] published by the EU Commission in 2008 the Commission "warned" that there was an urgent need for Malta to "modernise its pension system so as to counteract the mounting long-term costs associated with the demographic changes on the

[3] http://mfss.gov.mt/pensions/documents/frpensions.pdf.
[4] The 2009 Ageing Report – European Commission 2008.

horizon". The Ageing Report stated that Malta's age-related public spending would grow significantly between now and 2060, and the report also observed that Malta has only made "limited progress" in reforming its pension system. The EC pointed out that "in the meantime, Malta's pension expenditure is growing at a faster rate than gross domestic product".

The EC stated that "the working-age population is due to decline from the current 69.9% of the total population to 54.9% by 2060, while the population of the elderly (over 65) is due to rise from today's 13.8% to 32.4%. The percentage of children is meanwhile forecast to fall from 16.3% to 12.7% while the population of the very elderly (over 80) is to rise from 22.9% to 36.5% of the population".

Putting this in context it is estimated that the working age population is forecast to fall by 61,000 workers over the coming half century – from 283,000 to 222,000. When one puts this in context with for example the current numbers of Maltese who are unemployed (April 2009) which is approximately 7,000, this reduction in the working age population of over 60,000 is indeed a "stark warning".

Another significant statistic arising from this Ageing Report is that the ratio of elderly non-workers to workers will rise steeply from today's 60% to 95% by 2060, this rate is very high in relation to the average current EU 37% ratio and the forecast 2060 ratio of 72%.

All of this published information sets out a very grim future for the Maltese pension system if immediate and imaginative decisions are not taken in the short term. The Maltese Government, in recent budgets has commenced the process, particularly in the area of extending the retirement age and also introducing some favourable tax measures for those who wish to continue working beyond the normal retirement age.

In a paper[5] presented at Davos in January 2009 the OECD Secretary-General, Angel Gurría stated that there is a continued need for reforms of pension systems in the OECD countries. Mr. Gurría pointed out that because of the impact of the financial and economic crisis, "Public pension schemes are starting to feel the effects of rising unemployment rates, falling wages and, consequently, a decline of contribution revenues". He went on to reiterate that a "balanced mix of pension pillars, public and private, pay-as-you-go and funded, collective and individual continues to be the right approach for sustainable pension financing as our societies are ageing".

A number of commentators in the Maltese written media are regularly highlighting what one of them calls the pension "Black Hole". David Lindsay in the Malta Independent on 30 April 2009 reported strongly on the EC Report on Ageing 2009 – his headline was "Brussels sees urgent need to modernise Malta's pension system" and he quotes in great detail the various statistics and scenarios which the Ageing Report uses to support its claim that Malta, among other countries needs to urgently begin "a modernisation of pension systems to start bending back the curve of long-term costs".

Also in the Maltese Independent on 17 April 2009 Alfred Mifsud described in graphic detail the dilemma facing the Maltese pension system if it was not reformed and overhauled very quickly. George Mangion in an article as far back as July 2004 was saying that Malta was "now at a crossroads" and that the pension system needed "radical reform" and more participation of women in the workforce. These media commentators seem to be at the front line of the publication of material showing the absolute need for immediate and short term action in the area of pensions in Malta.

[5] Strategic options to finance pensions and health care in a rapidly ageing world – Angel Gurría OECD Secretary-General – Davos Forum 2009.

2.1.4 Critical assessment

The Maltese NSR makes little reference to the setting up of a privately managed 2nd pillar pension scheme. As mentioned earlier in this review there is a small scale 3rd pillar in operation but the impact of these private schemes will not have any effect on the maintenance of pension income for at least 20-25 years. At present, Malta is the only country within the EU where almost all of those in receipt of pension are covered under the 1st pillar. The PWG has identified this issue as constituting a serious future threat to the financial sustainability of the pension scheme as it now stands. The ageing population will face a future whereby the system will certainly face serious financial difficulties as revenues through contributions will be insufficient to cover the rapidly increasing costs of pension benefit expenditures. It is the author's view that the window of opportunity for the Maltese Government to fast track the development of a 2nd pillar and to actively encourage the participation in 3rd pillar schemes is closing. In their 2007 Demographic Report the Maltese National Statistics Office[6] states that "projections also show a continuously ageing population during the next years and, the percentage of persons aged 65 years and over is expected to increase from 13.8%, as estimated during 2007, to 25.0% in 2050. The number of citizens aged over 60 is expected to rise by nearly 40,000 to 103,000 in 2020, which represents 25% of the Maltese population".

On the other hand because of the ongoing decline in birth rates the working-age population will certainly drop from its present level. According to these demographic projections, the support ratio – the number of persons of working age relevant to the dependent population – is set to fall from just under four at present, to slightly above two, by 2020. The fall in this dependent / working ratio will undoubtedly have serious economic effects which will not just impact on the pension system but will also have a serious impact on economic development even in the medium term. Economic policy makers must adopt appropriate fiscal, monetary, and supply-side measures to face the challenges posed by population ageing. This will no doubt involve making choices, some of which may have unpleasant consequences in the short run but which are essential for long-term economic development.

For the benefit of the whole pensions reform, there should also be an increased follow-up and continuity in political debates on pensions. The PWG Formal Report of June 2005 has 66 major recommendations and the author of this paper asks the question – where in the Maltese 2008-2010 National Strategy Report are these 66 recommendations commented on in any detail. Out of the 66 recommendations 24 relate to the development of the second pension pillar (almost 33%) and there is very little mention of the setting up of the regulatory structures and operational procedures required to commence this initiative. For example, the PWG in recommendation 46 proposed that "the Government tasks the Malta Financial Services Authority to draw up the protection mechanisms and safeguards that should be introduced in tandem with the launch of the second pillar pension scheme". In fact, the proposed involvement of the Malta Financial Services Authority (MFSA) in a number of key areas relating to the second pillar is well documented throughout the final 24 recommendations. There is a recommendation that the Malta Financial Services Authority would "work closely with the financial services market to allow for the design of second pillar pension schemes that will provide most value to the investor with the least risk at the least cost of administration". It might be pertinent for the authors of the Maltese NSR to provide some up-to-date detailed information on the progress of the meetings that have taken place between the MSFA and the various stakeholders since the presentation of the PWG Formal Report in June 2005.

6 Demographic Review for 2007 – NSO Malta published Sept 2008.

The NSR should outline the progress of

- the proposed legislative changes enacted or still required in relation to the second pillar pension scheme
- details of the financial structures in place to safeguard the second pillar pension scheme funds
- whether agreement has been reached on the operational and administrative structures in place to "manage" the system
- whether the second pillar pension scheme will be mandatory (recommendation 60)
- if the second pillar pensions scheme was introduced as planned on 1 January 2007

The NSR must also address the important issue of the Government's short term plans with regard to extending the pension age to 65. This policy strategy is an urgent one and needs a one to two-year plan to bring the changes into force.

The Maltese Government is faced with difficult choices in the immediate term. These choices may not be well received by the general public in the short run but decisions taken now will be essential for long term economic stability and development.

2.2 Health

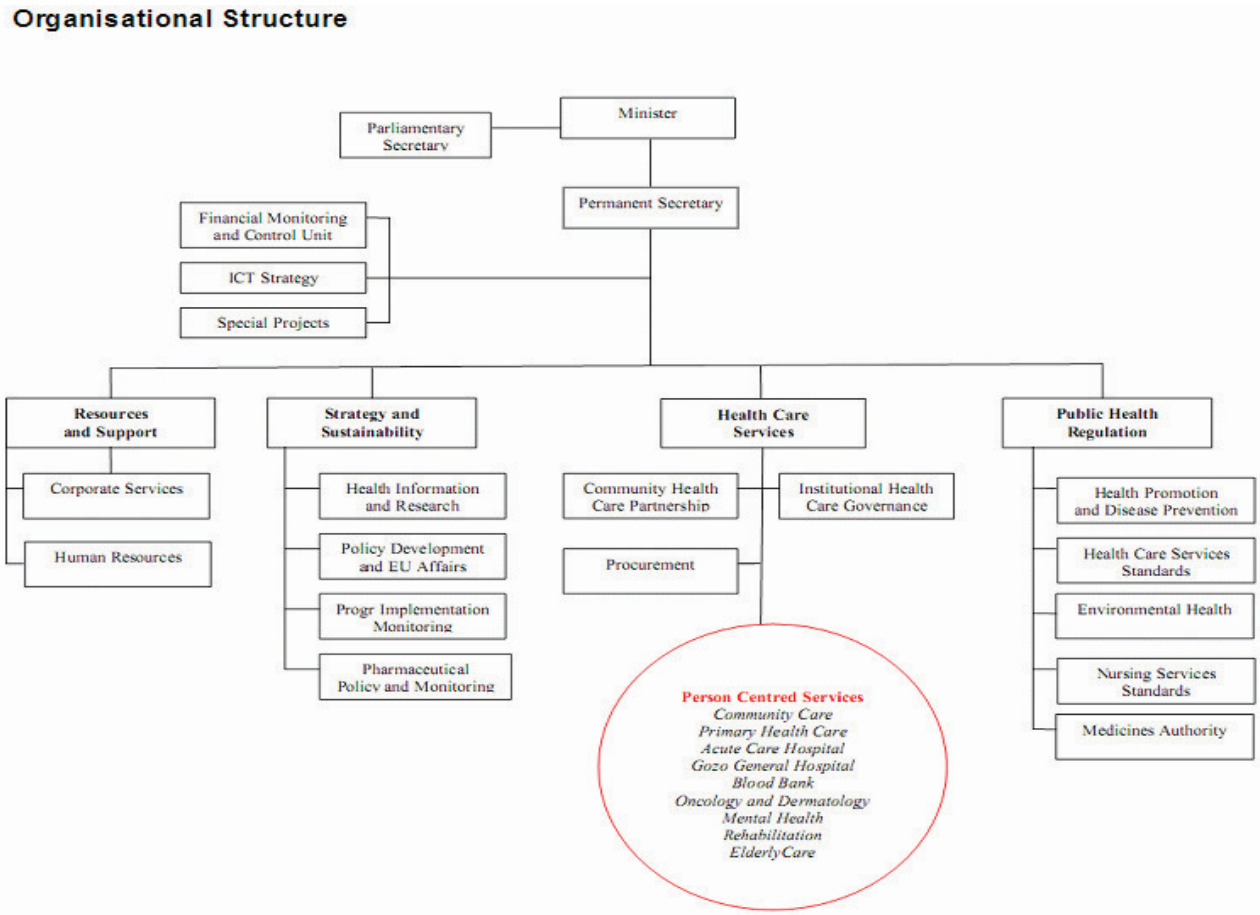
2.2.1 Overview of the system's characteristics and reforms

Current status in the organisation and its management

The Maltese health care system is based on the principles of equity and solidarity with universal coverage. As in most modern health care systems the Maltese system faces the twin challenges of improving quality and accessibility to health care within existing financial resources. The model of health provision is a Western European model, with many features which are familiar within for example the UK NHS system, with which there are historic links, such as the expansion of primary and community care and delivering care closer to patients and their families.

Within the Ministry of Social Policy, Health, the Elderly and Community Care the management of the Maltese health care system was restructured in 2007 into four divisions: Public Health Regulation, Health Care Services, Strategy and Sustainability and Resources and Support. The following organogram from its webpage shows the management structure of the Ministry.

Figure 1: The organisational structure of health care

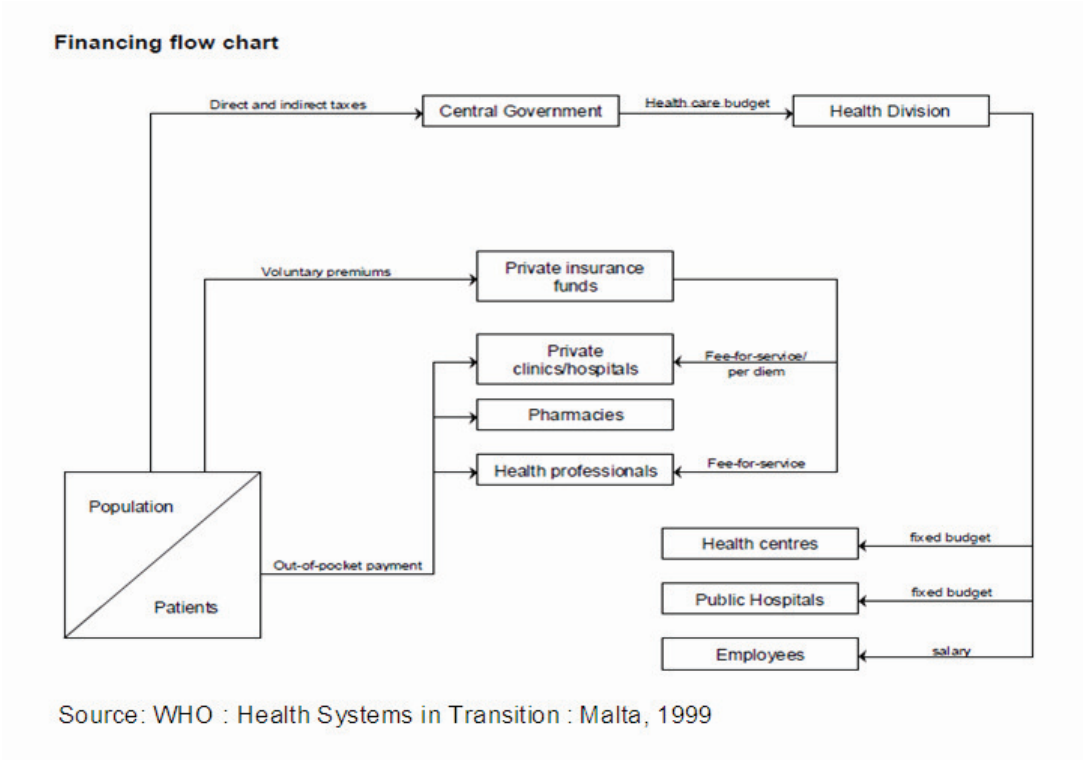


Health financing

Health care financing in Malta is provided through a combination of the statutory (60%) and private (40%) systems. The state system covers all Maltese citizens irrespective of income or ability to pay. Malta spends 8.3% of GDP on health (2006) as compared with an earlier assessment in 2002 of 8.6% in the EU-15 basket of Member States. (2006: WHO statistics).

State health care is financed through general taxation. State financing is complemented by private financing through out-of-pocket payment and private insurance. The voluntary system provides supplementary financing and does not replace any mandatory statutory contributions.

Figure 2:



Source: WHO : Health Systems in Transition : Malta, 1999

Compulsory system

The state health care system is financed by general taxes collected at a national level. Taxation is progressive, based on income.

Although there were plans to introduce tax rebates for people who take out private health insurance, opting out of the system is not permitted as this could lead to fragmentation of health care financing.

Exemptions or reduced rates are available for United Kingdom and Australian citizens falling within the parameters of bilateral agreements between Malta and these countries. All other foreigners pay full charges except for refugees whose fees have traditionally been waived by the Minister for Health. There are no special population groups that have their own parallel health care system.

Voluntary systems

Direct out-of-pocket payment used to be the method of payment for all private health care services ranging from consultations to interventions. It is still the predominant method of payment for private general practitioners and features extensively in specialist consultations. Out-of-pocket payment thus accounts for a significant part of the total payment for private health care. Private health insurance is mainly taken out for the eventuality of elective surgery, hospital care and medical treatment overseas. The different insurance packages offer varying levels of coverage that may include primary care, hospital care and nursing at home. People requiring long-term care such as the elderly, diabetic and chronically ill usually find it more difficult to take out private insurance because higher premiums are required.

Out-of-pocket expenditure on health consists mainly of pharmaceutical purchases and consultation fees for private GPs and specialists. Around 20% of the population has private health insurance.

Major developments

The Government is focused on Malta's entitlement policy to make the free provision of health services better reflect the real needs of patients. Primary care is provided by general practitioners from both the private and the state sectors.

The quality of the health estate in Malta has been enhanced by the opening in 2007 of the new major public hospital in Msida, Malta, the Mater Dei. The 250,000 sqm centre includes 825 beds and 25 operating theatres. Other hospital provision includes:

Public hospitals

- St. Luke's Hospital, (superseded by Mater Dei)
- Sir Paul Boffa Hospital
- St. Vincent De Paul Residence
- Mount Carmel Hospital, (Mentally ill)
- Zammit Clapp Hospital, (elderly in need of medical care)
- Gozo General Hospital

Private hospitals

- Cosmetica Plastic Surgery and Laser Clinic
- St James Capua Hospital
- Saint James Hospital
- St Philip's Hospital (hip/knee joint replacement and cosmetic surgery)
- Saint James Transforma

Further government plans to upgrade and redesignate existing public sector stock indicates a provision suggestive of the fact that quality of care delivered there should be equally good throughout all specialties, given trained, motivated staff, clear clinical guidelines, and good governance.

The hospital stock is therefore modern, with the new acute teaching hospital which just opened in November 2007 providing all the services and specialties that would be expected from such a facility. Long-term beds have been increased by 250.

Planning is under way for a 280-bed rehabilitative and intermediate care facility. Health centres are to be refurbished and reequipped for minor surgery.

Services are being localised wherever possible, and only centralised where it is necessary, for example specialised services.

In Malta, as elsewhere in the European Union, the experience is that many of the more minor and non-life-threatening treatments that were once provided in hospital in-patient wards are now being more appropriately delivered at hospital day care units or outpatient clinics; care

that was delivered at outpatient clinics is now happening in the community and within general practices. Simultaneously, more and more complex surgery is being carried out by hospitals, and the technology to underpin these advances is becoming ever more expensive, and subject to scrutiny through investment appraisal.

Organisation of Public Health in Malta

The Health Minister has responsibility for the management of the health service and the delivery of a quality service to patients. He liaises with the Prime Minister's Interministerial Cabinet Committee on Social Policy, a gathering of ministers authorised to make policy decisions including those affecting the health sector. The Social Affairs Health Committee reports to Parliament.

There are several important institutions that the Minister supervises: the Council of Health, a multi-sectoral forum that advises the Ministry on public health system policy and legislation; the Food Safety Commission; the Medicines Authority, and the Foundation for Medical Services which was set up to coordinate planning for the new Mater Dei Hospital which has now been open for some time.

The Minister liases in addition with the professional regulatory bodies established for all the clinical professions.

Outside direct ministerial control are the professional bodies for each of the clinical professions, and academic collaboration with Public Health Department, Faculty of Medicine and Surgery at the University of Malta.

In terms of the human resources employed, the health sector is one of Malta's largest employers, employing 7% of the total workforce. In the public health care sector, health professionals and support staff employees are civil servants. (Source: Ministry of Health; http://www.health.gov.mt).

2.2.2 Overview of debates and the political discourse

It is generally accepted throughout Europe that if a country aims to reform its health processes to deliver the enhancement of patient–centred access it should be considering the following aspects of service: safety, effectiveness, patient-centeredness, timeliness, efficiency and equitability.

In practical terms then, health systems need to provide their services to patients in faster, more flexible, more effective and less bureaucratic ways. This means the right kind of care, delivered by the right people, in the right place – localising services where possible and centralising only where necessary.

The National Strategic Report for Malta (NSR) (EC Social Protection and Social Inclusion http://ec.europa.eu/employment_social/spsi/strategy_reports_en.htm) espouses these principles but they are set out there in a rather disjointed way. The Health Interview Survey contained therein is a primarily 'periodic' survey not only into demographic health trends but also into patient satisfaction. Reference 69 in the NSR quotes: 'Access is linked to need and to capacity within the currently available infrastructure' which suggests no access if there is no capacity. This is a forthright statement which in other health sectors would have been implied in a more constructive way to deal with adverse media comment. Effective engagement about access to care with the user population, patients from the main island or

from Gozo or the migrant population or internal service stakeholders is set out in an imprecise way in the NSR, and not well rationalised.

The NSR points to the proposal to change to a new Patient Administration System as soon as possible, new ICT structures at SVPR and Gozo General Hospital and new laboratory and other operational systems.

Once completed, these major projects will have a significant impact on the management of access to health care. However, they will take time and consume scarce resources along the way. In the meantime problematic access areas will emerge and will have to be dealt with.

Analysis of press comment from Maltese media suggests that the usual routine elective surgical procedures were being pushed back by service pressures, probably including cardiology and cardiac surgery, where the Maltese prevalence is higher than normal. There seems to be an issue about the length of time waiting for a first outpatient appointment, attributable to the administrative process which does not seem capable of giving a booked date until weeks or months later. This could be easily resolved by simple process re-engineering and better information systems which could be supervised by the Department of Health Information. There are many pressures which lead to patients waiting, but there seems to be a need for a local dialogue on the subject so that a waiting times strategy can be developed which will be specific enough for inclusion in the national Strategic Health Plan.

2.2.3 Overview of impact assessment and critical assessment of reforms

In modern health sectors, two of the main markers of impact assessment are the access to required service by the home population, and the quality of the service being provided following a process of reform.

Access to the services provided

In common with other Member States, Malta's health sector has to operate in a health care environment that is becoming increasingly complex and the necessity to encompass change is becoming ever more essential.

The public health care system in Malta is funded through taxation and national insurance and is delivered through public hospitals and health care centres.

The Ministry of Health is responsible for the financing and provision of publicly funded health care services. Persons living in Malta and covered by Maltese social security legislation are entitled to public health care services which are provided generally free at the point of use. Health care in the public sector is highly centralised and tightly regulated. In effect, the Government combines the roles of both service purchaser and service provider.

In addition a number of private hospitals, clinics and other facilities provide private health care in private facilities, funded by private insurance or out-of-pocket payments. There is no formal regulation of private practice.

The following tables based on Maltese Ministry of Health published information compare the resource provision of Malta with a basket average of fifteen EU states. In general terms, Malta has fewer doctors, dentists and nurses than the average for the EU-15, by around 31.5 fewer doctors, 37.5% fewer dentists, 18% fewer nurses, but only a quarter of the European average numbers of qualified pharmacists. Migration abroad of newly qualified Malta doctors (approximately 80%) to further their studies in the UK has been highlighted in the local

media, although plans are in place to enable them to complete an equivalent and UK-recognised post-graduate foundation in Malta.

Figure 3: Health Professionals, per 100,000 population

	Malta	EU-15 average
Doctors	260	380
Dentists	400	640
Nurses	550	670
Pharmacists	200	790

Source: Ministry of Health; retrieved from: http://www.health.gov.mt.

Figure 4: Hospital Beds, per 100,000 population:

Malta	496
EU-15 average	611

Source: Ministry of Health, retrieved from: http://www.health.gov.mt

The management of waiting lists and target setting to monitor performance management have been well documented elsewhere recently in the EU, and particularly in the UK NHS which has close links with the Maltese Health Service. There will be many issues that the Maltese sector will have to address in a climate of stringent financing while facing continuing increasing expectation and demand, but a critical one will be how to mitigate the impact on the patient who finds him/herself on a waiting list. An IT-based Centralised Patient Waiting System is being introduced and a pilot exercise has seen a reduction in orthopaedic waiting lists simply by the validation of patient names on the waiting list. IT does not provide an instant fix to waiting lists; it is the clinical staff who after all who have to deal with the patients, and mention has already been made above of the relative shortage of doctors in Malta. In addition to the normal methods of dealing with waiting lists : better use of operating theatre time, more procedures carried out on a day clinic basis, or better bed management, one key device in the reduction of waiting lists and waiting times (de facto barriers to access to health care) in other Member States has been the advances in accurate, timely information that allows performance management of the system by the commissioners and the provider organisations, and also provides useful information for the use of patients and their relatives. This relies on robust information systems at all levels.

Information is covered in a general way in several publications including the NSR already referred to: there is anticipation that analysis of information already held on systems will allow the Government to develop ‘maximum acceptable waiting times’. Elsewhere in the EU Member States, governments have approached the ‘acceptability’ issue from a policy point of view: setting access targets which become increasingly more challenging over time and using the health information systems in the management of secondary and tertiary care providers.

Health Information and Research Department

The Ministry of Health has established a Health Information and Research Department, whose functions are to lead the collection, analysis and delivery of health related information in Malta. The Department's key objectives are as follows:

- To gather, analyse and disseminate health information;
- To conduct epidemiological surveys and maintain disease registers;
- To maintain and develop the range of services and products that the department produces, ranging from reports to requests for customised information, accurately and in a timely manner;
- To coordinate and prepare reports identifying issues, problems, unmet needs and service gaps, and recommend initiatives, review of policies, and amendments to procedures and programmes as required;
- To develop the infrastructure needed for the provision of non-expenditure data for the System of Health Accounts;
- To promote and carry out research;
- To communicate relevant results and reports from the above initiatives to stakeholders and the public;

The establishment of such a department should facilitate the production of a strategic information plan for inclusion in Malta's strategic health planning process. Areas meriting further examination could be the scrutiny of the accuracy of current information, an exploration of the vital connectivity interfaces and improving the system of clinical coding on which so much activity and financial data depends.

Quality of health care perception by the population

Despite the constraints referred to above, the population enjoys high standards of health care, resulting in a longer life expectancy and recognition by the World Health Organisation which has described Malta's health care as one of the best and most cost-effective health systems in the world.

There is therefore a synergistic combination of the public and the private sectors, and this dual system of service delivery is generally well received by the population whose focus on the sustainability of the health care system has been constant during the last number of years.

2.3 Long-term care

2.3.1 Overview of the system's characteristics and reforms

The demand for long-term care is increasing within Member States due to the increasing elderly population. However, dependency on long-term care may also arise from conditions other than ageing: physical disability, mental handicap, or specific diseases like Alzheimer's or Parkinson's. People suffering from these latter diseases often struggle to get help in many Member States. Long-term care in the Maltese context relates essentially to 'dependent persons' as defined by the Ministry of Health , which affirms that they should be given all the support they require to remain in society and lead, as far as possible, an independent life.

Government policy is focused on maintaining people in their own homes with adequate support for as long as possible, with the aim of sustaining a healthier and more active elderly population.

The culture of Malta was historically a family-based one, with long-term care of relatives – particularly elderly ones – being provided by carers within the extended family, in liaison with the church, the voluntary sector and local councils. The Department of the Care of the Elderly provide a mixed economy of facilities, including residential homes (where clients pay a proportion of their costs), geriatric hospital beds, and a home help service. Additionally, the church provides free residential care for disabled people.

Lifestyles in Malta, in common with almost everywhere else, are changing and this has a profound impact on the family's capacity to deliver a traditional model of care within the family environment. The National Strategic Review (NSR) process (EC Social Protection and Social Inclusion, see References) touched upon these cultural changes and highlighted the Government's proposals to increase capacity, concentrate on service gaps and develop services that are more responsive to changing and emerging needs. However, Malta is experiencing the same pressures on hospital acute beds as other Member States: 'bed blocking' caused by elderly patients who cannot be discharged into a community setting because of perhaps complex conditions requiring a 'package' approach and a team to provide adequate care. In common also with the rest of the EU, and as mentioned in 2.3.1, Malta is developing plans to delay patients' admission to hospital as much as possible, by encouraging 'formal and informal care in the community'.

Bed capacity for long term (long stay) is increasing with the commissioning of 250 additional beds on the island. There is a Ministry policy of securing equity of access to health services to the island of Gozo, and this should apply also to patients requiring long-term care.

Access to care can only be improved by having all the 'building blocks' in place: the buildings, the trained clinical and social services staff, clinical networks working mutually on an evidential basis, the managed financial allocations. The elderly population is growing and they will have their own perspective on equity of access, which could be assessed through structured interviewing. It would be useful to have some local detailed guidance on how long-term care services in particular (for the various categories of patients) are coordinated with national rehabilitation services, other sectors of the health care services, and social services.

2.3.2 Overview of debates and the political discourse

Malta is small enough for there not to be significant regional or structural disparities in the quality of long-term care being provided. Even allowing for the comments in NSR about access to care generally on Gozo, the national guidelines and structures relating to quality of care will still be expected to apply to all of the population.

Long-term care is provided by a combination of state-funded, private and voluntary sector facilities. In addition, the Government can collaborate with the private sector, should pressures on the public provision become unmanageable. The table below shows the June 1998 provision of long-stay beds for elderly people: it seems that information systems for the long-term sector are still rudimentary, although improving with the establishment recently of the Department of Information and Research. Capacity has of course increased by the 250 beds as a result of rationalisation following the opening of the new acute hospital. People using long term facilities, and their families and need to have a guarantee of the comfort and dignity of nursing and residential care homes. The public in general need to have confidence in the quality of their services.

A "Regulatory Division" has been established within the reformed Ministry of Health. This Division will be responsible for setting minimum care standards and monitoring of those standards in the acute and long-term care settings through site inspections. It should be responsible for the registration and regulation of private and voluntary sector nursing and residential homes, with powers of sanction as necessary. It should be expected to play a key role in assuring the quality of health and social care services provided throughout Malta. The Regulatory Division and its inspectors should go a long way to providing a communication channel for long term residents, their families and the staff involved in their care.

A government document: Report on Strategies for Social Protection and Social Inclusion 2008-2010 states that 'notwithstanding the monetary and fiscal constraints that membership of the Euro currency exerts, Government has been unequivocal in its view that public expenditure will continue to be controlled, but without compromising on social services, health care and education'.

Financial resources therefore are not expected to be a limiting factor as far as sustaining quality long-term care is concerned. It has been noted that Malta spends the same percentage of GDP (0.9%) as elsewhere in a group of 25 EU Member States. A Carers' Allowance is payable in Malta.

2.3.3 Impact assessment and critical assessment of reforms, discussion and research carried out

Provision of quality long term care in Malta touches upon issues that are familiar to Member State health planners and there are many crosscutting issues which impact across different parts of the health care sector.

There is apparently some legislation on quality standards but they appear to be still undeveloped. The Department of the Care of the Elderly will be responsible for registration, monitoring, evaluation and control, similar to the position in the UK service.

It is up to the Maltese Government to set clear priorities for the future of long-term care. This should involve the assessment of the numbers of elderly people requiring long-term care in the future, aligned with a manpower and skill-mix and training plans. Plans also need to be formulated to support family carers who are maintaining relatives at home.

Other topics which would benefit from further consideration could include several or all of the following: ensuring fully integrated care and support in the community, improving services for people with a disability, and improving productivity, including better information systems.

As with the rest of Europe, the economic, social and demographic situation in Malta is undergoing rapid evolution. The changes taking place in Maltese society are redefining the scope and value of social well-being in Malta. It follows that the main thrust of Malta's actions in social policy should reconcile its institutional interventions with the needs of the client or patient to ensure more appropriate and sustainable approaches that will sufficiently correct or compensate social imbalances and inequalities within an overall sustainable public budgeting process.

3 Impact of the Financial and Economic Crisis on Social Protection

The Maltese GDP growth rate has fallen notably over the past two quarters. The Governor of the Maltese Central Bank, Mr Bonello, has revised downwards the initial GDP growth rate for 2009. It is now forecast that there will be negative growth in 2009 but this negativity will be at a level of perhaps -0.5%. This forecast reduces the original forecast for the Maltese economy, which was based on information available in February 2009 and which anticipated GDP growth in a range of 0.5% to 1.1% for 2009. The Maltese Central bank has revised its forecast taking into account a further significant deterioration in the world economic trading in the first quarter of 2009. One of the main areas that are expected to suffer as a result of the impact of the financial and economic crisis will be tourism, construction and the export of manufactured goods. The key issue is one of "demand" – both domestic and foreign. Malta, like most other EU Member States depends strongly on external demand for goods and services and a sharp decline in external demand is now working its way through all of the EU Member States and Malta is no exception. An example of this external demand relates to Tourism and Malta may well suffer a significant drop in tourist numbers particularly from the "traditional" countries such as the UK. The strength of the Euro against the UK Pound over the past year or so (circa 30%) means that UK tourist costs have risen sharply for holidays to all of the Eurozone countries including Malta.

In April 2009, the rates of unemployment in the Eurozone countries rose to 9.2% of the workforce which is the highest level in this decade as the impact of the financial and economic crisis hit consumers and industry. The latest unemployment rates for Malta show an increase of 1% year on year from 2008. The Eurostat unemployment figures for February 2009 which were published on 1 April 2009 show a level of unemployment of 6.4%. Although this is amongst the lowest rates of unemployment in the Eurozone area it shows that the effects of the financial and economic crisis are beginning to bite in Malta.

Expenditure by the Maltese Government on social security benefits rose by 10.5% during the first three months of 2009.[7] The total expenditure on social security benefits amounted to EUR 192.3 million during the first three months of 2009, which is an increase of EUR 18.3 million over the corresponding period last year. This increase was mainly a result of an increase in payments of contributory benefits amounting to EUR 17.2m. The increase in contributory benefits was the result of a EUR 10m+ growth in pension in respect of retirement, which amounted to EUR 93.5m for the first quarter of 2009. This increase was mainly a result of expenditure on the "two-thirds" pension, which saw an increase of EUR 8.0 million. This increase reflects a rise in the number of beneficiaries.

In his 2009 budget speech in November 2008, the Minister for Finance outlined six key measures in the form of a financial stimulus package (although it wasn't named as such) to ensure that the economy continues to grow. These six key areas were as follows:

- EUR 120m on infrastructural works such as roads factories and schools
- EUR 61m on investments in environmental projects
- EUR 58m on enhancement of individual skills and training (excluding the formal education system)
- EUR 30m on alternative energy programmes

[7] Maltese NSO. Press release 11 May 2009; expenditure of social security benefits.

- EUR 47m on incentives for industries, SME's and tourism projects
- A series of other measures to incentivise work in Malta

Another key success area for the Maltese economy is its financial sector. The Ministry of Finance is working closely with the Maltese Central Bank and the Maltese Financial Services Authority to ensure that the banking system in Malta remains on solid ground. Unlike a number of other EU Member States such as the Republic of Ireland and the UK, Maltese banks were not exposed to the financial storm that hit major banks in some of the EU Member States. The Governor of the Central Bank, Mr. Bonello, reiterated this point strongly in a recent speech referenced above when he said "our (Maltese) banks start from a relatively strong position since their fundamentals have not been weakened by the financial crisis. The existence of a sound regulatory system, effective risk management practices and prudent lending policies have combined to minimise the banks' exposure to bad or dubiously-valued assets".

In terms of the impact of the financial and economic crisis on social protection, the increase in unemployment to over 7,000 persons is an obvious area of concern for the Maltese Government. On the other hand, there is no discussion of cutting or scaling back on social protection spending and health-related areas. In fact, the increase in the budgetary provision for example increased Pension numbers is a strong indicator that the Maltese Government will not consider funding to social protection areas. Unlike for example, the Republic of Ireland, whose Government has had to cut social security payments because of the need to support all of their major banks, Malta has no such banking issues to deal with. There are no indications at this time, that the Maltese Government support for Social Protection will be adversely affected.

Tourism – the main Maltese industry

2008 was a very successful year for tourism numbers – there was an increase of almost 8% year on year up to September 2008. The number of cruise liner passengers increased by 15% during the same period. The tourism industry is expected to be worth close to EUR 900m in 2009/10. Because of the impact of the world financial and economic crisis the Maltese Government is taking the view that it needs to do a lot more to ensure that tourism numbers are maintained and increased. In this regard, the Government has increased the budgetary allocation to the Maltese Tourist Authority of EUR 26m and also allocates a further EUR 2m specifically for 2009 to allow for increased expenditure on overseas advertising etc. There will also be considerable investment in tourism infrastructure projects EUR – 120m – and the Maltese Government is also paying between EUR 15 and EUR 25 for each passenger arriving on low cost airlines. The fact that over 1.2m tourists come to Malta each year – which is three times the population figure, the Maltese Government continue to strongly support measures to sustain and improve these tourist numbers.

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http://www.who.dk

European Observatory on Health Care Systems Health Care Systems in Transition
http://www.euro.who.int/document/e67140.pdf : Malta: 1999

Regulation and Quality Improvement Authority

http://www.rqia.org.uk

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.

[R2, R3, H2] Ministry of Social Policy - Annual Report 2008
http://www.sahha.gov.mt/showdoc.aspx?id=12&filesource=4&file=AnnualReport_MSOC2008.pdf

The report gives a detailed overview of activities in the Social Protection, Health, the Elderly & Community Care Sector of the Maltese Government.

[R3] The Pensions Working Group – Consultation Process Report on Pensions White Paper – June 2005.

This working Paper was a key response to the Maltese Governments White paper on Pensions Reform. The paper produced 66 key recommendations which covered all aspects of Pensions systems including extending the Retirement Age, Indexation of Pensions, Review of Invalidity Pensions and other broad issues relating in great detail to Pensions issues. There was full agreement on the need for 2nd and 3rd Pillar Pensions schemes with a proviso that such schemes would be introduced over a transitional period and that the Maltese Government should work very closely with the Financial Authorities in Malta to ensure the sustainability of new Pensions Pillars.
This Consultation Process report remains still as a seminal piece of research, analysis and recommendations for any Reform of the Maltese Pensions system

[R3] The Maltese Federation of Industry – Paper prepared in response to Maltese Government Pensions White Paper – 2005.

Just like the Pensions Working Group paper mentioned above, the Maltese Federation of Industry also prepared a Report on the proposed Reform of the Maltese Pension system. This group agrees that the Maltese Pensions System as it currently stands in unsustainable in the medium to long term. It cites the increasing spend on Health Care for the elderly by the Maltese Government and called for an early extension of the Retirement Age to 65. The report calls for the development of simulation models to analyse the long term outcomes of a 2nd and 3rd Pensions Pillar and also calls for taxation relief for contributions to the 3rd Pillar for example. The Report also calls for higher participation in the Labour market for women and older workers and the closing off of "opportunities" for "easy opt out of the labour market" due to ill health and other related issues.

[R5] MONTICONE, Chiara, Anna RUZIK and Justyna SKIBA: Women's Pension Rights and Survivors' Benefits: A Comparative Analysis of EU Member States and Candidate Countries. ENEPRI Research Reports No. 53, AIM WP6, April 2008
http://shop.ceps.eu/BookDetail.php?item_id=1644

This report presents and compares old-age income provision rules with respect to the issue of equality between women and men in the current and future EU member states.

The report focuses on 25 member states and, to the extent possible, on the recently acceded and candidate countries (Romania, Bulgaria, Turkey and Croatia). The report considers various aspects of the benefits, ranging from entitlement rules to minimum pensions, through to childcare credits and assistance for survivors. Overall, European countries adopt similar measures for ensuring adequate old-age income for women. The elimination of differentiated entitlement rules for standard and early retirement plays a key role in the reduction of the differences between men and women. In particular, this process means a faster increase in the minimum retirement age for women and different methods of encompassing childcare periods in the pension benefit formulas. In the long run, the higher employment rates of women and reduced wage disparities between men and women should lead to better individual pension rights for women, especially in defined contribution schemes, which have recently been introduced in some countries.

[R4] BROWN, Maria; BRIGUGLIO, Michael: Discouragement Amongst Ageing Workers in Malta within an EU Context; Societies Without Borders, Volume 4, Number 1, 2009 , pp. 45-60(16)

This paper investigates perceptions of unemployed ageing workers in Malta, in relation to disadvantages in the labour market and to discouragement with regard to chances of finding stable employment. The principal results are that educational level and number of breadwinners in one's household significantly affect perceptions; and that there are cases manifesting the 'discouraged worker effect', even though they are still registering to find employment. This challenges traditional views arguing that this effect is present only among individuals who already gave up the job search completely. This paper concludes that the struggle for productive employment requires mass representation of trade unions, which, in turn, require the construction of alliances to widen their appeal.

[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

[R2, R3, H2] Ministry of Social Policy - Annual Report 2008
http://www.sahha.gov.mt/showdoc.aspx?id=12&filesource=4&file=AnnualReport_MSOC2008.pdf

The report gives a detailed overview of activities in the Social Protection, Health, the Elderly & Community Care Sector of the Maltese Government.

5 List of Important Institutions

University of Malta - Faculty of Economics, Management and Accountancy and Faculty of Sociology

Address: University of Malta, Msida MSD 2080, MALTA
Webpage: http://www.um.edu.mt/fema; http://www.um.edu.mt/arts/sociology/

There are few social protection related activities at the University of Malta, mainly within the Faculty of Economics, Management and Accountancy and the Faculty of Sociology.

Ministry of Social Policy, Health, the Elderly and Community Care – MSOC

Address: Palazzo Ferreria, 310 Republic Street, Valletta VLT 2000, Malta
Phone: 2590 3100
Fax: 2590 3216
Email: john.dalli@gov.mt
Webpage: http://www.msp.gov.mt
http://www.gov.mt/frame.asp?l=2&url=http://www.doi.gov.mt/en/ministries_and_departments/portfolio08.asp

The Ministry's services contain inter alia issues like social benefits, social housing, disability, equality, industrial employment, children, family and pensions. Under the Ministry's responsibility fall also the fields of employment and training.

Further Information

EU Twinning Project – Malta / UK – Ref: MT06/IB/OT/05-TL

The DHIR and Maltese ministry of Social Policy – Ministry of Health are currently engaged in a EU funded Twinning Project to assist with - Capacity Building for the Implementation of a System of Health Accounts–based Accounting System and the Development of an associated Statistical / Management Information System

When combined with the role of the FCU in the Ministry of Health, the introduction of a System of Health Accounts in Malta will greatly assist the financial management departments in both the ministry and the various hospitals in Malta.

This EU Twinning project is coming to an end and Malta is currently focusing on completing its first SHA questionnaire later this year. A series of key recommendations have been made and are currently being acted upon y Senior Maltese management in the health Sector. One of the early Recommendations of this Twinning Project was the preparation of a Strategic Plan including targets, timescales and levels of responsibility to be drawn up and a series of phased deadlines to be introduced as a means of reaching SHA requirements at least before end of 2009

The development of an Integrated MIS is already a key target for the Ministry of Health and the DHIR. In one sense the development of the SHA will allow senior Planning Managers in the Ministry of Health to take a forensic and overall view of the Management of all Health Care related Data within the system with a view to developing the integrated MIS in the medium to long term.

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