



Annual National Report 2009

Pensions, Health and Long-term Care

Poland
May 2009

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

Gesellschaft für
Versicherungswissenschaft
und -gestaltung e.V.



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1 Executive Summary

The general conditions for the social protection developed very positively until late 2008: the economic growth was very high, unemployment decreased rapidly, public finance situation improved. The crisis which started later in Poland and has been relatively less dramatic than in many other countries, has become an additional challenge for social protection.

2008 was a year of intensive political debate on the ‘completing’ of the pension reform by ending the early retirement possibilities and enacting rules of payment of pensions from the capital accumulated in the second pillar. Both issues were solved in 2008 by passing several acts.

The early retirement possibilities were finally closed and for some of the groups of entitled ‘bridging pensions’ were introduced.

Also, regulations on payment of funded retirement pensions, postponed several times previously, were finally introduced in 2008.

These positive developments in the pension reform process were accompanied by further rising expenditure and growing share of tax financing. A conclusion may be formulated that the Polish pension reform worsened both adequacy and sustainability of the pension system.

The financial situation of the health sector in Poland improved in recent years. It was partly the result of increasing health insurance contribution rate until 2007 and partly the consequence of high economic growth, leading to higher employment and thus – higher contribution revenues.

On the other hand, health care needs are growing, due to many factors, including ageing of the population, increasing living standards, medical technology development. Thus, the biggest problem in the Polish health care system is the discrepancy between growing demand and unsatisfactory supply. Additionally, there is a growing problem of medical staff shortage (especially of nurses), due to insufficient expenditure on health staff education and emigration.

Unlike in pensions, the government reform plans of the health care system failed in 2008.

Long-term care is a very weak element in the Polish social protection system. In most cases, long-term care needs are covered by family and no formal institutions are used. A long-term insurance will be probably introduced in Poland in coming years.

2 Current Status, Reforms, Political and Scientific Discourse

2.1 Pensions

2.1.1 Overview of the system's characteristics and reforms

The current pension system in Poland is the result of the major reform which started in 1999 (Table 1).

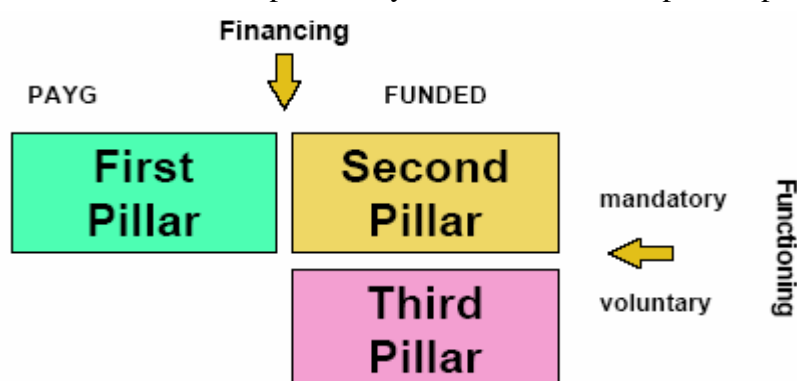
Table 1: Laws constituting the pension reform in Poland 1997-1998, chronological order

Date of passing the act in Parliament	The title of the law	Comments
25 June 1997	The law on using means from the privatisation of state assets for social insurance reform	The law remained 'on paper' because privatisation was actually not used for financing the reform.
22 August 1997	The law on employee pension programmes	A special form within the voluntary 'third pillar'
28 August 1997	The law on organisation and operation of pension funds	A construction of the new institutions in the obligatory second pillar (as well as one organisational form of the employee pension programmes – 'third pillar')
13 October 1998	The law on the social insurance system	The 'Constitution' of the whole new social insurance
17 December 1998	The law on pensions from the Social Insurance Fund	The legal basis of the 'first pillar'

The reform was recently 'completed' by several laws passed in 2008, as a result of an intensive reform debate - they will be described in section 2.1.2.

The current pension system is a '**multipillar**' one. The system is normally described as a 'three-pillar' one (Figure 1).

Figure 1: Structure of the new pension system in Poland – '3 pillars' presentation



Source: Perek Bialas J., Chłoń – Domińczak A., Ruzik, A. (2001), *Pension Reform in Poland*¹

¹ In: Public Participation and the Pension Policy Process: the Citizen and Pension Reform, PEN-REF Project of EU, p. 35. Retrieved from www.iccr-international.org/pen-ref/docs/penref-d2-pl.pdf, on 25 April 2009.

In fact, the new obligatory pension system consists of two tiers, called ‘pillars’. The first tier is pay-as-you-go and administered by Social Insurance Institution (ZUS) and the second one fully funded and privately managed. Additional sources of income security, among them the ‘employee pension programmes’ (occupational pension schemes) or ‘individual retirement accounts’ constitute the third, voluntary tier (Figure 2).

In the following, the term ‘pension system’ will relate to both obligatory tiers. Only main regulations of the new system will be briefly recalled here. As the word ‘pillar’ is usually used for description of the Polish system, it will be used in the present text.

The system covers all persons employed outside agriculture. Farmers remained covered by the separate KRUS scheme. Also, people who serve in military or police are covered by a separate state security scheme. The coverage in the new system was made dependent on the age at the time of the start of the reform (1 January 1999). The new old-age pension system covered younger insured (under 30) in full. Those between 30 and 50 were given an option until the end of 1999 whether to participate (and split pension contribution accordingly) in both new pillars (pay-as-you-go and funded) or to stay in the new pay-as-you-go one with the entire contribution (about 60% chose the “mixed” option, with the second pillar). The insured older than 50 were not covered by the reform and once retired they have received or will receive pensions according to the old rules.

Figure 2: Structure of the new pension system in Poland – two obligatory tiers

3.	Additional voluntary old-age provision
2.	Open pension funds (<i>OFE</i>) (<i>Contribution 7.3%</i>)
1.	NDC (<i>Contribution 12.22%</i>)

Source: Author.

Both the first and the second pillars in the new system are based on the same logic of defined contribution, whereas in the first PAYG pillar the capital is ‘notional’ (NDC), the second pillar is fully-funded.

The first pillar is run by the state Social Insurance Institution (ZUS) which will also pay pensions from the first pillar. The second pillar is obligatory, supervised heavily by the state, but run by new private institutions. The open pension funds are administered by private general pension societies, organised as joint stock companies. The insured may choose a fund and if the choice has not been made, there is a ‘lottery system’, operating twice a year (in January and July) which ascribes the given person to a fund randomly chosen. A member is allowed to change the fund². The funds are supervised by a state agency and there are strict regulations concerning functioning of the funds. A multi step procedure is foreseen in case of fund’s insolvency until a taking over of a fund’s management by another general pension

² Any time the participant may choose another fund. If the insured changes his/her pension fund earlier than after 2 years of membership a fixed low amount has to be paid.

society. Every fund has to achieve a minimum rate of return, relative to the results of all funds. If the minimum is not achieved, the fund has to cover the difference from its reserve account (it happened only three times so far, in 2001 and 2002). After reaching the retirement age the insured will buy an annuity from an annuity company.

In the new system the risk of old-age has been separated from the risks of invalidity and death of breadwinner. There are two separate obligatory social insurance branches and contributions: old-age insurance (and contribution) and 'pension' insurance, covering invalidity and survivors. The rate of old-age insurance contribution is 19.52% of the income up to a ceiling on the level of 2.5 times the average national wage. For employees it is paid in equal shares by employees and employers. For members of pension funds, a part of old-age insurance contribution equal to 7.3% of income goes via ZUS into pension fund. The pension insurance amounts from 1 January 2008 to 6%, payable for employees by the employer (4.5%) and the employee (1.5%).

The only eligibility condition in the new pension system is the standard retirement age. The authors of the reform had planned to replace differentiated retirement age for men (65) and women (60) with a unified minimum retirement age at 62. However, it was not accepted because of the resistance of representatives of women' interest, especially trade unions. Finally, the standard retirement age was preserved at 60 for women and 65 for men. However, the big difference is that there is no early retirement possible in the new system. The issue of closing the early retirement option was finally solved in 2008 (see section 2.1.2). Since the start of the reform, the issue of increasing the retirement age for women has emerged several times. The political resistance against such changes proved to be too strong.

In the new system there is no minimum insurance period. Only to be granted the minimum pension, the condition of a minimum insurance period has to be fulfilled, see further below.

Retirement pensions from the first pillar will be based on the principle of 'notional defined contributions' whereas the old pensions have been 'defined benefit'. The new pension formula includes only two components: the sum of indexed contributions paid, divided through average life expectancy at retirement age in the calendar year of retirement (based on current life expectancy tables published by the President of Central Statistical Office). For persons born after 31 December 1948 who had been covered by social insurance before 1 January 1999, an 'initial capital' according to the old pension rules has been assessed and recorded on the individual account in ZUS. Contributions registered on the individual account in ZUS are indexed according to the consumer price index, increased by the growth of contribution revenue.

The same defined-contribution formula (with real capital) will also be used in the second pillar. The issue who will pay the benefits from the capital accumulated in the open funds has finally been decided in 2008 (see section 2.1.2).

Thus, the level of pensions from the new system is strictly related to the contributions paid. Equivalence has also been increased and redistribution limited through removing the upper level of pension assessment and the introduction of an upper level of contributions – at the level of 250% of average earnings in the national economy.

As in the old, there is also a minimum pension in the new system. It will now however be financed from the state budget and not from contributions. It will be paid under the condition of fulfilling minimum required insurance period of 20 (women) or 25 (men) years as a topping up of the sum accumulated on both accounts – in the first and in the second pillars. Those who will not fulfil the requirements will only rely on social assistance.

Pensions paid are adjusted annually at least according to consumer price index. After reaching the standard retirement age, accumulation of old-age pension with earnings from work is

allowed without any reductions. However, if the pensioner is below the standard retirement age, his/her pension is reduced when the earnings are between 70% and 130% of average wage and salary and completely suspended when earnings are higher than 130% of average.

As pensions are financed from contributions before taxes, old-age pensions are subject to taxation.

2.1.2 Overview of debates/ political discourse

2008 was a year of intensive political debate on the ‘completing’ of the reform by:

- ending the early retirement possibilities and
- enacting rules of payment of pensions from the capital accumulated in the second pillar.

Both issues had not been solved finally while introducing the reform and were postponed several times by the following governments. In 2008, several acts were passed (Table 2).

Table 2: Laws on pension system 2008, chronological order

Date of passing the act in Parliament	The title of the law	Comments
6 November 2008	The law on changing the law on individual pension accounts and some other laws	The legal act concerning two solutions within the third pillar: changes in, inter alia, the law of 20 April 2004 on individual pension accounts and the law of 20 April 2004 on employee pension programmes. Came into force on 1 January 2009
21 November 2008	The law on funded retirement pensions	Came into force on 8 January 2009
19 December 2008	The law on bridging pensions	Came into force on 1 January 2009
19 December 2008	The law on funds of life-long funded retirement pensions	Came into force on 1 January 2009

At the start of the reform the option to use the old early retirement possibilities was kept until 2006. Those who would fulfil the previous conditions of early retirement (among others women aged 55 with 30-year qualifying period) were given the chance to go on early pension provided they did not choose the mixed option (with the second pillar). After the miners’ protests in Warsaw shortly before Parliamentary elections in 2005, this possibility was prolonged until the end of 2007. In 2007 it was once more prolonged until the end of 2008. People who have worked under special (difficult) conditions should have been also given compensation in form of ‘bridging pensions’. Their legislation was several times postponed and this topic remained on the list of ‘uncompleted reform measures’. The present Government which came into power after the elections of September 2007 announced the issue of ‘completing’ the reform to be one of its priorities. After months of preparations and negotiations, after the veto of the President Kaczyński defending the status quo, the law on bridging pensions was enacted on 19 December 2008.

The right to a bridging pension has a person, who fulfils all the following criteria:

- was born after 31 December 1948;
- has a period of at least 15 years of work in special conditions or special character;
- has reached the age at least 55 for women and 60 for men (for some professions an even lower retirement age applies, for example for aircraft personnel it is 50 for women and 55 for men);
- has an insurance period of at least 20 years for women and 25 years for men;
- worked before 1 January 1999 under special conditions or in a special character, according to the rules of the law on pensions from the Social Insurance Fund or the law on bridging pensions;
- worked after 31 December 2008 under special conditions or in a special character, according to the law on the bridging pensions;
- his/her work contract has been terminated.

The lists of works under special conditions or in a special character are formulated in the annex to the law. The list is generally much shorter than in the law on pensions from the Social Insurance Fund and thus was the major subject of controversy during the legislation process.

The bridging pension is calculated according to the rules of the new pension system

The second important issue which was solved during 2008 was the payment of **funded** retirement pensions: pensions from the capital accumulated in open pension funds. It was regulated in the law on funded retirement pensions of 21 November 2008 and in the law on funds of life-long funded retirement pensions of 18 December 2008.

Two kinds of funded retirement pensions have been foreseen:

- temporary funded retirement pensions, and
- life-long funded retirement pensions.

A temporary funded retirement pension can be drawn from the age of 60, only until reaching 65 years of age, by a person who already has the right to a pension from the first pillar according to the new rules and is a member of an open pension fund. During this time the person remains the full member of an open pension fund. The temporary retirement pension will be paid by the open pension fund. The pension will be indexed every year like the pensions from the Social Insurance Fund. The accumulated capital will be further invested by the open pension fund. After reaching 65 years of age, for the amount remaining after paying of the temporary pension fund, plus investment gains, a life-long funded retirement pension can be purchased.

There is a right to a temporary funded pension if the amount accumulated on the account of the member of an open pension fund is higher than 20 times amount of the long-term care allowance. Since 1 March 2009 it is PLN 3,462. If the amount accumulated in an open pension fund is lower than this limit, there is no right to a temporary funded pension. In this case, the amount is transferred from the open pension fund to the old age pension fund in ZUS and the individual account of the insured in the first pillar is credited by the amount.

A temporary funded retirement pension can only be granted alongside with the retirement pension from the Social Insurance Fund according to the new rules (first pillar). The first temporary funded retirement pensions started to be paid in 2009 with the age 60 - the women

who became 50 – the upper age limit for membership in an open pension fund – after 1 January 1999 have become 60 after 1 January 2009.

A life-long funded retirement pension can be granted to a person after reaching 65 years of age, for the life-time. As the upper age limit for membership in an open pension fund at the start of the reform on 1 January 1999 was 50, first persons belonging to an open pension fund will reach 65 years of age after 1 January 2014. The

Every insured will have the right to choose an offer of a life-long funded retirement pension from a fund of such pensions, managed either by an annuity company or a general pension society. The rules of such funds have been set in the law of 19 December 2008 on funds of life-long funded retirement pensions. ZUS will be obliged to prepare and present a comparison of different offers of an amount of the life-long funded retirement pension for every PLN 1000 of contributions accumulated in an open pension fund.

There is a right to a life-long funded pension if the hypothetical monthly funded pension is not less than 50% of the present amount of the long-term care allowance - since 1 March 2009 it is PLN 86.55. If the hypothetical monthly funded pension is lower, the amount accumulated in the open pension fund is transferred from the open pension fund to the old age pension fund in ZUS and the individual account of the insured in the first pillar is credited by the amount.

The life-long funded retirement pensions will not be indexed, unlike the temporary funded retirement pensions or the pensions from the Social Insurance Fund. But the law introduced a mechanism of increasing the amount of the life-long funded retirement pensions in case of profits of institutions managing the funds of such pensions, on the same dates as the indexation of pensions from the Social Insurance Fund.

By enacting the above laws the pension reform has been ‘completed’. This does not mean that there were no further discussions on pensions in 2008 and in the early 2009. As a result of crisis some proposals of a radical change in the pension system have been presented, although only in a very general form (see section 3).

Also, in 2008 some changes in the rules of both institutionalised forms of the **third pillar** have been introduced by the law of 6 November 2008 on changing the law on individual pension accounts and some other laws.

Main changes concerned the individual pension accounts. The aim was to make this form of additional voluntary old age security more attractive. The maximum yearly limit of payments has been doubled, to reach three times the forecasted monthly earnings in the national economy for the given year (in 2009 it is PLN 9,579). The right to withdraw, during the saving period, part of the means accumulated on individual pension accounts has also been introduced. Also, a possibility of partial withdraws after ending of the saving period has been introduced, instead of a one-time payment as the only possibility till now.

Also, some minor changes in employee pension programmes have been introduced by the law of 6 November 2008. Inter alia, a maximum limit of additional contributions paid by the member of an employee pension programme was set at 4.5 times the forecasted monthly earnings in the national economy for the given year. For 2009 it was set at PLN 14,368.50.

Another important measure taken in 2008 was the Programme ‘Solidarity of generations: Activities to increase economic activity of persons 50+’, accepted by the Council of Ministers on 17 October 2008³. The programme includes measures within labour market policy, as well

³ Program „Solidarność pokoleń: Działania dla zwiększenia aktywności zawodowej osób w wieku 50+” (*Solidarity of generations: Activities to increase economic activity of persons 50+*).

as measures within social insurance to decrease incentives to withdraw early from the labour market. Such measures have been proposed like, for example, life-long learning strategy, exemption from employer's contribution to the Labour Fund for employees less than five years before reaching the retirement age, the bridging pensions (described above).

2.1.3 Impact assessment

2.1.3.1 Labour market participation of the elderly

Employment rate of those aged 55 to 64 increased from 26.2% in 2004 to 31.6% in 2008, still (after Malta and Hungary) the lowest in the EU. The increase was mainly the result of high economic growth (real GDP growth rates were 3.6% in 2005, 6.2% in 2006, 6.6% in 2007 and 4.8% in 2008), which led to the overall employment rate growth (52.8% in 2005, 54.5% in 2006, 57.0% in 2007 and 59.2% in 2008) (Eurostat database, access on 30 April 2009).

The main reason for the very low employment rate of older people was the early retirement rules, inherited from the old system (see above). Whereas the standard retirement age is 65 for men and 60 for women, in 2007 new retirement pensions were awarded to people on average 57.1 years old (59.7 men and 55.8 women). There was little change in this respect between 2005 and 2007 – see Table 3.

Table 3: Average age of persons for whom new retirement pensions were awarded, 2005-07

	2005	2006	2007
Total	56.8	56.6	57.1
Men	58.4	57.9	59.7
Women	56.0	56.0	55.8

Source: ZAKŁAD UBEZPIECZEŃ SPOŁECZNYCH (Social Insurance Institution)⁴

2.1.3.2 The development of replacement rate, adequacy of pensions

All pensions currently paid in Poland are based on entitlements and rules of the old system. But even more, the old system will continue to influence the level of pensions for a longer period. First, persons aged 50 or more at the start of the reform – 1st January 1999, i.e. born before 1st January 1949, were not covered by the new rules and they will have their pensions assessed according to the old rules. For example, a man who was born in 1948 and thus stayed in the old system will reach the statutory retirement age in 2013. But, secondly, the old system will influence the level of pensions much longer, because of the 'initial capital'. All persons under 50 at the start of the reform, i.e. born after 31st December 1948, have been covered by the new system. For those who had earned any pension entitlements before the start of the reform, they were transferred to the notional account in the new NDC system according to the old benefit formula – as the 'initial capital'. Thus, even for a person who was for example 30 at 1st January 1999, the old system will (partly) influence his or her pension level, granted for example in 2034! Only for a person who has been covered by the new system entirely from the start of his/her working career, the pensions will be based on the new rules only and the consequences of the reform will be fully visible.

⁴ ZUS, in: „Ważniejsze informacje z zakresu ubezpieczeń społecznych (Fundusz Ubezpieczeń Społecznych) 2005, 2006, 2007 r. (Essential information on social insurance – Social Insurance Fund – in 2005, 2006, 2007), 2005: p. 31, 2006: p. 33, 2007: p. 31, Warsaw: Zakład Ubezpieczeń Społecznych (Social Insurance Institution), Departament Statystyki (Statistical Department), 2006-2008.

The old system guaranteed relatively high pensions. The most commonly used indicator to present the level of pensions in Poland has been the relation between pension and average earnings in the national economy. In 2007 the average retirement pension was equal to 55% of average earnings in the economy. It is high, especially taking into account the relatively short insurance period: in December 2007 pensioners receiving retirement pension from ZUS had an average insurance period of 33.7 years (36.5 years – men and 31.8 years – women)⁵. In 2008 the relation of the average retirement pension to the average earnings in the economy increased to 57.1%⁶.

Thanks to high replacement rates and broad coverage by the pension system, poverty in old age is in Poland much lower than among other groups of population. Different statistics and studies, including the recent large study on poverty and social exclusion in Poland “Polish poverty III”⁷ illustrate that old age pensioners are much less often at risk of poverty than other groups of society, especially the youngest group. This issue is well documented within the Social Inclusion process. The at risk-of-poverty-rate for people aged 65 was only 8% in 2007 in Poland, after the Czech Republic, Hungary, Luxembourg and together with Slovakia the lowest in the EU⁸.

The replacement rates from the new system will be much lower than those from the old one. According to the projection in the Pension Strategy 2005, for the base case – an insured whose earnings over the life-time were equal to the national average – will decrease from 63.2% to 35.7% (gross) or from 77.7% to 43.9% (net) between 2005 and 2050 – the replacement rates are calculated for pensions from both obligatory pillars⁹. Such a big decrease of replacement rates will also have consequences for the risk of poverty in old age. This issue is not mentioned in the Polish National Strategy Report. Generally, the problems of future inadequacy of pensions from the new system are underestimated in Poland. It is probably related to the fact that these problems will start to be experienced only in future and present situation of pensioners is relatively good.

A closer statistical analysis has been made by Jajko-Siwiek¹⁰ in order to answer two questions about the new pension system in Poland: whether it will protect from poverty and whether pensions will enable to maintain the previous living standard. According to these projections, in many cases, especially for women, it will not be easy to earn an entitlement to a retirement pension protecting from poverty – as such, 30% of average earnings in the national economy has been assumed – Table 4.

⁵ ZAKŁAD UBEZPIECZEŃ SPOŁECZNYCH, Ważniejsze informacje... 2007, p. 20, 38.

⁶ ZAKŁAD UBEZPIECZEŃ SPOŁECZNYCH, Informacja o świadczeniach pieniężnych z Funduszu Ubezpieczeń Społecznych oraz o niektórych świadczeniach z zabezpieczenia społecznego IV kwartał/ I-XII 2008 (*Information on cash benefits from the Social Insurance Fund and some benefits from social security 4th quarter/ I-XII 2008*), p. 25.

⁷ GOLINOWSKA, Stanisława, and others, Od wykluczenia do ubóstwa społecznego. Badania. Koncepcja. Wyniki. Propozycje. Polska, Europa i świat (*From poverty to social exclusion. Research. Concept. Results. Proposals. Poland, Europe and the world*), Instytut Pracy i Spraw Socjalnych, Warszawa 2008.

⁸ Commission of the European Communities, Joint Report on Social Protection and Social Inclusion 2009, Supporting Document, COM (2009) 58 final, Brussels, 13.02.2009, p. 160.

⁹ Ministry of Social Policy, Poland: National Strategy Report on Adequate and Sustainable Pensions, Warsaw, August 2005, p. 40.

¹⁰ JAJKO-SIWEK, Alicja, Czy nowe emerytury chronią przed ubóstwem? (*Will the new retirement pensions protect from poverty?*), Ubezpieczenia społeczne – teoria i praktyka (Social insurance – theory and practice) No. 6(61), 2007, pp. 1-10.

Table 4: Conditions of accumulating pension rights protecting from poverty*

Item	Sex	Earnings during insurance period	Variables analyzed	Values guaranteeing protection from poverty (pension equal or higher than 30% of average earnings)
1.	Women	Constant: 100% of average earnings	Retirement age, Insurance period	1. Insurance period > 28 years 2. Insurance period <25; 28> years and retirement age > 63 years
2.	Men			Always
3.	Women	Rising earnings**		Insurance period > 26 years
4.	Men			Always
5.	Women	Various earnings	Retirement age, Insurance period, Earnings	1. Earnings > 112% of average earnings 2. Earnings (<85; 125> and insurance period > 29 years 3. Earnings (<65; 85> and insurance period > 37 years and retirement age > 61 years 4. Earnings <65; 85> and insurance period > 42 years and retirement age 60 or 61 years
6.	Men			1. Earnings > 72.5% of average earnings 2. Earnings <55; 72.5> and insurance period > 32 years 3. Earnings <45; 55> and insurance period > 39 years
7.	Women	Constant: 100% of average earnings	Retirement age, Insurance period, Rate of return of OFE***	1. Insurance period <26; 28>; retirement age <62; 65> and rate of return > 4.0% 2. Insurance period (<29; 32>; retirement age <62; 65> and rate of return ≤ 4.0% 3. Insurance period <29; 32> and rate of return ≥ 4.0% 4. Insurance period > 32 years
8.	Men			Always
9.	Women		Retirement age, Insurance period, OFE's charges	Little relevance of charges
10.	Men			Always
11.	Women		Retirement age, Insurance period, OFE	1. Insurance period 23 years; retirement age 64-65 years and 1 out of 9 best OFEs 2. Insurance period 24-26 years; retirement age > 61 years and 1 out of 9 best OFEs 3. Insurance period 27-31 years; 1 out of 11 best OFEs 4. Insurance period 27-31 years; retirement age 64-65 years and 1 out of 4 worst OFEs without the worst 5. Insurance period more than 31 years
12.	Men	Always		

* As poverty line 30% of average earnings in the economy has been defined

** From 70% of average earnings by 1.1839% yearly for men and 1.1818% for women (based on empirical data);

*** OFE = open pension funds

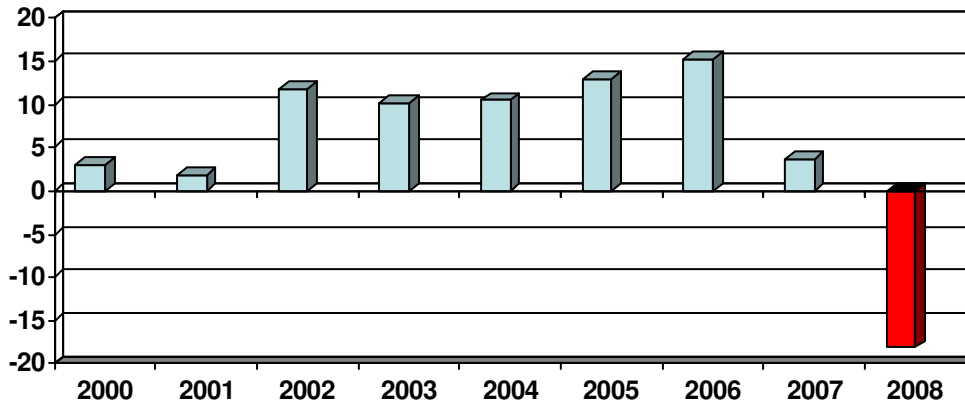
Source: JAJKO-SIWEK, Alicja, *Czy nowe emerytury chronią przed ubóstwem? (Will the new retirement pensions protect from poverty?)*, *Ubezpieczenia społeczne – teoria i praktyka (Social insurance – theory and practice)* No. 6(61), 2007, p. 4.

For example, in the 'base case' of an average earner, a woman will need at least 28 years of insurance period (thus only 3.8 years less than the average of seniority in the old system) to reach the minimum. Accordingly, accumulation of a pension protecting from poverty will be even more difficult for women with lower earnings – for example a woman with earnings between 65 and 85% of average will need more than 37 years of insurance and should retire not earlier than at 61 to get such a pension. These calculations offer strong arguments for increasing retirement age for women. The issue of low women pensions from the new system, resulting from the defined-contribution type of the new system, in both pillars, has been used as an argument for increasing the retirement age for women during the debates

The future adequacy of pensions from the new system has additionally been threatened by the negative development on the financial markets which led to a negative rate of return of the

open pension funds – for the first time since the start of the pension reform – Figure 3. The issue will be analysed in the context of the economic and financial crisis in section 3.

Figure 3: Real rate of return of the open pension funds 2000-2008



Source: knf.gov.pl; author's estimates.

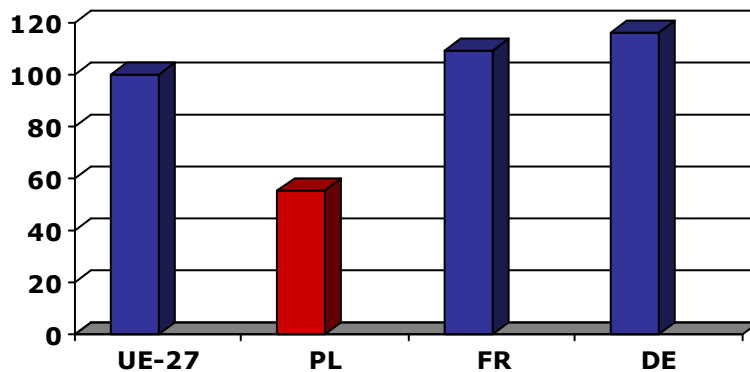
2.1.3.3 Financial sustainability of the pension systems

As a result of prolonging the early retirement possibilities, the number of new retirees grew in the recent years. People made use of early retirement possibilities which were to be closed. 103.9 thousand new retirement pensions were awarded in 2006 and the number grew to 215.4 thousand in 2007 and to 340.5 thousand in 2008¹¹. This development has led to a further deterioration of the financial sustainability of the Polish pension system (see further below).

2.1.4 Critical assessment of reforms, discussions and research carried out

All pensions currently paid in Poland come from the old pension system. The pensions, generally accessible as the main and often the only source of income in the old age, are relatively high. Pension adequacy is a strength of the Polish pension system. Nevertheless, pensioners' living standard is low, similarly to that of employed people, because the GDP per capita in Poland is only half of the EU average – Figure 4.

Figure 4: GDP per capita in PPS, 2008, UE-27, Poland, France, and Germany



Source: Author, based on the Eurostat database, access on 30 April 2009.

¹¹ ZAKŁAD UBEZPIECZEŃ SPOŁECZNYCH, Ważniejsze informacje... 2007)..., p. 28; ZAKŁAD UBEZPIECZEŃ SPOŁECZNYCH, Informacja o świadczeniach pieniężnych... 2008) ..., p. 26.

Additionally, many other factors, apart from pensions, influence the living standard in old age. Most of the elements of the 'environment' of pension system function worse in Poland than in other more affluent EU Member States, which also decreases the objective and subjective welfare of the Polish pensioners, including:

- housing conditions,
- health care,
- long-term care,
- transport etc¹².

Following the convergence of the GDP level between Poland and the EU, the standard of living of pensioners should improve. On the other hand, the future adequacy of pensions from the new system will be lower in terms of replacement rates. Too little interest is devoted now to the problems of future risk of poverty as a result of decreasing replacement rates. In 2008 nothing happened in this respect. The negative rates of return of the open pension funds further threatened future adequacy of pensions.

More people in work and working longer is one of the most important objectives for the Polish pension system, taking into account present extremely low employment rate of older workers, a very low age of labour market exit and very high spending on pensions.

In 2008 employment rate of older workers increased clearly, mainly due to improvement of the situation on the labour market. Even more important, in 2008 finally the early retirement possibilities were closed and the bridging pensions introduced. The present Government was successful in the area in which previous governments failed.

Also, the Programme 'Solidarity of generations: Activities to increase economic activity of persons 50+', marks an important step towards the strategy of prolonging employment. Apart from the legal measures mentioned earlier, it is important to change the attitudes towards longer employment, both among employers as well as employees. According to an opinion poll quoted in the Programme, most people between 54 and 60 would like to retire as soon as possible.

Ageing of the population in Poland, at a much higher pace than in many other countries which now have much higher old age dependency ratio, creates a serious challenge both for the pension system, as well as for health care and long-term care¹³.

Balancing contributions and benefits in an appropriate and socially fair manner is a basis of the new pension system in Poland, as both obligatory pillars are defined contributions schemes. Polish old age pension contribution level 19.52% is very high, taking into account that disability and survivors are covered by a separate obligatory contribution, at present 6.00%. Only in Hungary, Italy and the Czech Republic, the level of (old age, disability and survivors) pension contribution was higher than in Poland on 1 July 2008¹⁴. Although the

¹² Retirement pensioners were classified in 2007 at the 10th lowest position among 95 socio-demographic and professional groups according to an extensive multidimensional assessment of quality of life. CZAPIŃSKI, Janusz, PANEK, Tomasz (eds.), *Diagnoza społeczna 2007. Warunki i jakość życia Polaków (Social diagnosis. Conditions and quality of life of Poles)*, Rada Monitoringu Społecznego, Warszawa 2007, p. 327-329.

¹³ KOMITET PROGNOZ "POLSKA 2000 PLUS" (ed.), *Polska w obliczu starzenia się społeczeństwa – Diagnoza i program działania (Poland facing the population ageing – Diagnosis and action programme)*, Warszawa 2008.

¹⁴ MISSOC, http://ec.europa.eu/employment_social/missoc, access on 18 April 2009.

contribution rate is that high, high spending, also because of the pension reform, make it necessary to cover growing deficits from taxes.

It was clear from the beginning of the 1999 reform that it was aimed at securing the long-term financial sustainability of the Polish pension system at the cost of decreasing adequacy. Now, however the sustainability objective seems to be non-reachable even in a longer perspective.

Poland spent 12.4% of the GDP on pensions in 2006, compared to 11.9% in the EU-27. The expenditure is high especially taking into account that Poland is a poorer country, having also a much younger population¹⁵. The pension reform which started in 1999 led to an increase of the spending.

The pension costs are very high due to the reform concept itself (creating a large funded tier out of a part of a previously entirely pay-as-you-go system), not completing the reform especially through continuing the costly early retirement as well as due to unfavourable economic development (slower economic growth) in the first years after the reform start in 1999. As a result of these developments, social insurance contributions made up in 2008 only 60.8% of total revenues of Social Insurance Fund, compared to 86.9% in 1999. Accordingly, the share of state budget subsidy increased heavily – Table 5.

Table 5: Sources of revenues of the Social Insurance Fund 1999-2008 (billion PLN)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total revenues = 100 %	73.7 (100.0)	81.3 (100.0)	91.7 (100.0)	95.3 (100.0)	98.6 (100.0)	107.7 (100.0)	111.0 (100.0)	120.9 (100.0)	129.6 (100.0)	136.1 (100.0)
Social insurance contributions (as % of total revenues)	64.1 (86.9)	65.6 (80.7)	69.9 (76.3)	68.2 (71.6)	70.3 (71.3)	74.0 (68.7)	78.2 (70.4)	81.3 (67.3)	89.4 (69.0)	82.7 (60.8)
Dedicated subsidy for non-insurance benefits (as % of total revenues)	3.2 (4.3)	3.3 (4.0)	3.7 (4.0)	3.4 (3.6)	3.5 (3.6)	3.5 (3.3)	3.6 (3.3)	3.5 (2.9)	0.2 (0.2)	53.1 (39.0)
Supplementary subsidy covering the deficit of contributions (as % of total revenues) of which	6.2 (8.4)	12.1 (14.9)	17.5 (19.1)	23.5 (24.7)	24.7 (25.1)	30.1 (27.9)	29.1 (26.2)	35.9 (29.7)	39.9 (30.8)	
subsidy to cover the deficit resulting from directing contributions to pension funds (as % of total revenues)	2.3 (3.1)	7.5 (9.2)	8.7 (9.4)	9.5 (10.0)	9.9 (10.0)	10.6 (9.9)	12.6 (11.3)	14.9 (12.3)	16.2 (12.5)	19.9 (14.6)
Other revenues as % of total revenues	0.2 (0.2)	0.3 (0.4)	0.6 (0.7)	0.1 (0.1)	0.1 (0.1)	0.1 (0.1)	0.1 (0.1)	0.1 (0.1)	0.2 (0.2)	0.3 (0.2)

Source: Social Insurance Institution (ZUS), Warsaw, www.zus.pl/statyst; authors' estimates.

¹⁵ Eurostat database, access on 30 April 2009.

According to the ZUS prognosis until 2050, the deficit of the Social Insurance Fund will stay very high in 2050¹⁶. This leads to a conclusion that the Polish pension reform worsened both adequacy and – at least for a very long period - sustainability of the pension system.

Affordability and the security of funded and private schemes were a crucial element of the pension system in Poland. Funded, privately managed pension funds became a part of the obligatory universal scheme. In 2008, important laws on funded pensions were passed, ‘completing’ the reform in this respect.

Experience with the open pension funds was generally positive in Poland until recently, as far as their efficiency¹⁷ and security were concerned. The negative development of the rate of return has changed the attitude clearly (see section 3).

Additional individual old-age security - the ‘third pillar’ of the pension system has been developing very slowly. This underdevelopment has been explained mainly by weak incentives, especially lacking serious tax incentives. Tax incentives have been proposed in debates several times but not introduced mainly for fiscal reasons. It is true that such incentives could increase participation in voluntary old age security. However, the weak development so far may also be explained by the fact that the pension reform has not decreased the size of obligatory system, apart from the upper contribution base limit. The Polish reform has changed the structure of the old-age security substantially, but its scale has been changed very little¹⁸. Thus, only decreasing the scale of the system, i.e. decreasing obligatory old-age contribution could, in the long run, increase the ‘space’ for the development of individual old-age security. This positive measure, however, will not be easy: it would decrease pension adequacy from the obligatory system even further and increase problems of financing the ‘transition period’.

It is too early to assess the results of the legal measures taken in 2008 to promote additional voluntary old age provision, especially through making individual pension accounts more attractive (see 2.1.2).

Three missing issues in the debates on pensions in Poland should also be mentioned.

Increasing the retirement age for women and equalising it with the retirement age for men, an issue which had been included in the original reform concept and had emerged several times before, disappeared from the agenda in recent years. The issue should be approached again with the arguments of improving future adequacy of women’s pensions and improving financial sustainability of the pension system.

Closing the early retirement possibilities seems to be seen as the solution of retirement age problem for ever. There are almost no voices in Poland that further increase of the legal retirement age should be discussed, alongside increasing life expectancy.

Finally, the importance of ‘environment’ of the pension system for the standard and quality of life in old age seems to be underestimated in Poland. Improved access to and quality of health

¹⁶ ZAKŁAD UBEZPIECZEŃ SPOŁECZNYCH, Progniza wpływów i wydatków Funduszu Emerytalnego do 2050 roku (*Prognosis of revenues and expenditures of the Old-Age Insurance Fund until 2050*), Warsaw: Zakład Ubezpieczeń Społecznych (Social Insurance Institution), Departament Statystyki (Statistical Department), December 2006, www.zus.pl/bip/prognozy_fus/prognoza_do_2050_MGIPS.pdf.

¹⁷ DYBAŁ Mariusz, Efektywność inwestycyjna funduszy emerytalnych, *Investment efficiency of pension funds*, CeDeWu Sp. z o.o., Warszawa 2008.

¹⁸ About difference between scale and structure of old-age security, see BARR, Nicholas, *The Welfare State as Piggy Bank. Information, Risk, Uncertainty, and the Role of the State*, Oxford: Oxford University Press, 2001.

care and also promoting healthy and active life and active ageing are necessary to improve living conditions of elderly in Poland.

2.2 Health

2.2.1 Overview of the system's characteristics and reforms

The present health care system in Poland results from the reform introduced in January 1999 with the 1997 General Health Insurance Act. With this reform, Poland changed from a National Health Care - type system, financed from the state budget to a health insurance type, with regional insurance funds financing the direct costs of health services to patients through contracts with service providers. In 2003, regional insurance funds have been replaced by one National Health Fund.

The health care system in Poland is financed mainly from health insurance contributions and partly from taxes - from state budget and self-government budgets.

The main source of health care financing are insurance contributions. There is a general universal health insurance system, covering all categories of employed, including individual farmers, civil servants and others, beneficiaries of social security benefits, unemployed, students. Also dependant family members are covered. All social groups are practically covered by obligatory health insurance. There is no possibility to opt-out from the system.

From the state budget a part of health care in Poland is financed, like public health targets, health insurance premiums for specific groups of the population (the unemployed receiving social security benefits, persons receiving social pensions, farmers, war veterans and others), hospital costs of all health services, investments in public health care institutions, highly specialised procedures and very expensive drugs.

Management structure of the health care has not changed since 2004. The National Health Fund is responsible for contracts with health care providers – public or private; they are concluded and accounted for on the level of Voivodship branches of the Fund. The supervision over the National Health Fund is exercised by the Minister of Health, while the supervision over the financial economy of the Fund has been entrusted to the Minister of Finance.

Beneficiaries have the right to guaranteed health benefits, with the exception of benefits mentioned in a list of health benefits non-financed from public means (the so called negative basket). The law on health benefits financed from public means defines a wide range of health care benefits under the insurance scheme. It includes health care aiming at maintaining and restoring human health and preventing diseases and injuries; early diagnosis; medical treatment; prevention and alleviation of disabilities. Insured persons are entitled to medical examinations and consultation; diagnostic examinations, preventive care, out-patient health care, medical emergency services, medical rehabilitation, nursing, supply of drugs and medical devices, supply of orthopaedic devices and aids, prenatal care during pregnancy, palliative care and certification of temporary or permanent disability.

Beneficiaries have the right to choose the doctor, the nurse, midwife of the primary health care, the dentist and specialist benefits' provider within the framework of out-patient health care, as well as the hospital, from among providers who signed contracts with the National Health Fund.

The law lays down the rules of access to health benefits that is the so called 'queue'. It is monitored by Voivodship branches of the Fund and by the head office, where the central

information on average period of waiting for a given health care benefit and the central telephonic information for information for beneficiaries is created.

Between January 2008 and April 2009 no major legal changes were introduced into the health care system in Poland.

2.2.2 Overview of debates/ political discourse

The most comprehensive and up-to-date source of information about the health care in Poland, mainly from the point of view of its financing, is the “Green paper II”, prepared by a team led by Professor Golinowska for the Ministry of Health – the third version was published in November 2008¹⁹. This is a good diagnosis of Polish health care. The Green paper is used in the present report (see further below).

Although commissioned by the Ministry of Health, the recommendations of the Green paper have not been used in reform programmes of the Ministry. The Ministry concentrated on institutional reform plans - transformation of health care providers. Hospitals should have been obligatory transformed into commercial law corporations. There was a hot political debate on that issue because the opposition, both from the right and the left, as well as trade unions accused the Government that its ‘commercialisation’ plans were in fact health care privatisation plans. This became one of the main political controversies in Poland in 2008. The President Kaczyński proposed a referendum on privatising health care. Finally the Government reached majority in Parliament but the veto of the President prevented the law from coming into force.

Transforming hospitals into commercial establishments was criticised by social protection experts as having a couple of negative consequences relating to public health, status of the medical profession, social discrimination against population with lower income²⁰.

Also, the Ministry of Health proposed to introduce complementary private health insurance in order to increase health care spending. For obvious reasons this proposal was supported by the representatives of insurance market²¹. The social protection experts criticised this idea as a way to institutionalise the relatively high, partly informal, private share in health care financing in Poland²². This proposal did not materialise either.

Another government proposal concerning institutional structure of health care in Poland was dividing the National Health Fund into seven independent institutions, to create competition between insurance institutions. The Government withdrew from this proposal at the beginning of 2009.

Generally, health care experts were sceptical about the reform plans of the Health Ministry, stressing instead the necessity of a better system steering and treating health care as a crucial human capital investment²³.

¹⁹ GOLINOWSKA Stanisława (ed.), Raport: Finansowanie ochrony zdrowia w Polsce - Zielona księga II, wersja trzecia, (*Report: Financing of the health care in Poland – Green paper II, third version*), Warsaw, November 2008.

²⁰ JOŃCZYK, Jan, Aspekty prywatyzacji szpitala (*Aspects of Hospital Privatising*), Praca i Zabezpieczenie Społeczne, 7/2008.

²¹ SZUMLICZ, Tadeusz (ed.), Ubezpieczenia w systemie ochrony zdrowia (*Insurance in the health care system*), Biblioteka Ubezpieczeniowa, Polska Izba Ubezpieczeń, July 2008.

²² JOŃCZYK, Jan, Dodatkowe ubezpieczenie zdrowotne (*Complementary Health Insurance*), Praca i Zabezpieczenie Społeczne, 4/2008.

²³ GOLINOWSKA, Stanisława, Interview for the magazine Menedżer Zdrowia (*Health Manager*), No 8/2008, pp. 14-18.

Thus, unlike in pensions, the government reform plans of the health care system failed so far. However, the issue is not finally solved yet and the Government has announced its will to continue its reform plans.

It has been argued that one of the reasons of failing reforms in health care in Poland is that social dialogue institutions, especially the Tripartite Commission, are not used to regulate conflicts around functioning of the public health system and especially that representatives of medical groups not included into the social dialogue²⁴.

2.2.3 Impact assessment

The financial situation of the health sector in Poland improved in recent years. It was partly the result of increasing health insurance contribution rate until 2007 (up to 9.00%) and partly the consequence of high economic growth, leading to higher employment and thus – higher contribution revenues. However, the expenditure on health care remained almost unchanged as proportion of GDP – public expenditure on health care is about 4.4% of GDP, clearly below the EU average. On the other hand, the share of private expenditure on health care is relatively high in Poland, especially taking into account the fact that Poland's GDP per capita belongs to the lowest in the EU – Table 6. Whereas the expenditure on pensions are relatively very high in Poland and thus decreasing expenditure in the long run was the priority of pension reform in 1999, health care is rather underfinanced in Poland. This of course does not mean that there is no problem of sustainability of health care in Poland, especially in the longer perspective. The recent Green paper ends with a long-term prognosis until 2050 of a growing deficit in the health sector²⁵. According to the prognosis, the deficit in the health care system in Poland will grow, especially between 2020 and 2040, and than stabilise.

Table 6 Expenditure on health care, % of GDP, 2004-2006

	2004	2005	2006
Public expenditure	4.29	4.38	4.40
Private expenditure	1.91	1.83	1.80
Total expenditure	6.20	6.21	6.20

Source: GOLINOWSKA Stanisława (ed.), *Raport: Finansowanie ochrony zdrowia w Polsce - Zielona księga II, wersja trzecia, (Report: Financing of the health care in Poland – Green paper II, third version)*, Warsaw, November 2008, p. 141.

Many reports have pointed to the problems of worsening of indicators concerning medical staff in Poland, partly due to emigration. Especially low remuneration but also difficult working conditions led to a significant migration of Polish doctors and nurses to other EU Member States²⁶. There are already deficits of some specialisations of physicians in Poland, and especially of nurses – Table 7.

²⁴ ZALEWSKI, Dariusz, *Konflikty i interesy w sektorze zdrowotnym - ich instytucjonalizacja i rozwiązywanie (Conflicts and interests in public health care system – their institutionalisation and solving)*, *Polityka Społeczna*, 7/2008, pp. 32-38.

²⁵ GOLINOWSKA, Stanisława (ed.), *Raport: Finansowanie ochrony zdrowia w Polsce...*, pp. 221.

²⁶ DOMAGAŁA, Alicja, *Kadry medyczne w ochronie zdrowia. Tendencje zmian w kraju i na świecie, (Human resources for health. National and global trends of changes in health employment)*, *Polityka Społeczna*, 7/2008, pp. 7-11.

Table 7: Employment in some groups of medical professions in Poland, per 10,000 inhabitants, 2004-2006

	2004	2005	2006
Physicians	22.4	19.9	20.3
Dentists	3.6	3.4	3.2
Nurses	47.4	46.9	47.0
Midwives	5.7	5.5	5.5

Source: DOMAGAŁA, Alicja, *Kadry medyczne w ochronie zdrowia. Tendencje zmian w kraju i na świecie (Human resources for health care. National and global trends)*, *Polityka Społeczna*, 7/2008, p. 6.

This is partly due to insufficient education effort from the state and not satisfactory remuneration of medical professions. Generally, these crucial aspects of health care system seem to be neglected²⁷. Additionally, especially after the EU accession, many representatives of medical professions have left Poland to find much better labour conditions, including especially remuneration, abroad²⁸. According to recent data from 31 March 2008, about 6% of physicians in Poland applied for documents necessary to start working abroad, and in some specialisations the share is much higher²⁹.

Various studies show disparities in the quality of health care between different providers³⁰. A deficit of the Polish health care is also a weak use of involvement of insured and patients to monitor and improve health care quality.

General satisfaction with the health care in Poland, and especially of access to it, is low, also compared to other countries, and it did not improve in recent years³¹. The dissatisfaction is to a large extent related to financial barrier, connected with a relatively high direct participation of people in financing their health care – see finance structure in Table 6. Due to insufficient public financing (repayment), patients have to cover growing share of cost of medicines,

Managing waiting lists is a new element in the Polish health care system. There is also only a limited evidence of this issue. For example, an average waiting time for an orthopaedic treatment in hospital exceeded one year, and for rheumatologic treatment - 300 days in some Voivodships³².

Additionally to the relatively high official financial participation of people in their health care, in form of co-payments, especially for medicines, out-of pocket payments, especially for private care, there is still the issue of under-the-table payments. For example, in the large

²⁷ See the issue 7/2008 of the monthly magazine “Polityka Społeczna” on labour market and human resources in health care.

²⁸ For example, LEŚNIEWSKA, Joanna, Migration patterns of Polish doctors within the EU, *Eurohealth*, vol. 13 No 4, 2007, pp. 7-8.

²⁹ DOMAGAŁA, Alicja, *Kadry medyczne w ochronie zdrowia. Tendencje zmian w kraju i na świecie (Human resources for health care. National and global trends)*, *Polityka Społeczna* 7/2008, pp. 5-11.

³⁰ For example, KAUTSCH, Marcin, *Podejście zakładów opieki zdrowotnej do jakości świadczonych usług (Attitude of health care providers to the quality of their services)*, in Ryc, Kazimierz, Skrzypczak, Zofia, *Ochrona zdrowia i gospodarka. Mechanizmy rynkowe a regulacje publiczne (Health care and economy. Market mechanism and public regulations)*, Wydawnictwo Naukowe Uniwersytetu Warszawskiego, Warszawa 2008, pp. 183-196.

³¹ SKRZYPCZAK, Zofia, CZECH, Marcin, *Ocena funkcjonowania systemu ochrony zdrowia finansowanego ze źródeł publicznych w świetle sondaży ankietowych i doniesień prasowych (Assessment of health care financed from public sources according to opinion surveys and media information)*, in Ryc, Kazimierz, Skrzypczak, Zofia, *Ochrona zdrowia i gospodarka. Mechanizmy rynkowe a regulacje publiczne (Health care and economy. Market mechanism and public regulations)*, Wydawnictwo Naukowe Uniwersytetu Warszawskiego, Warszawa 2008, pp. 43-53.

³² GOLINOWSKA, Stanisława (ed.), *Raport: Finansowanie ochrony zdrowia w Polsce...*, pp. 193.

survey Social Diagnosis 5% of interviewed households which used health care admitted to have offered informal payments – the figure has been commented as surprisingly low³³. In recent years the issue has been discussed heavily in media and several legal cases against doctors accused of corruption were made.

2.2.4 Critical assessment of reforms, discussions and research carried out

The health care system in Poland has a lot of deficiencies.

Access to health care, formally equal for all, is a problem especially because for many people there is a financial barrier. Private financing is relatively high in Polish health care, both in form of official payments as well as under-the-table payments.

Public spending is low. Unlike for pensions, public expenditure for health care is very low in Poland in terms of GDP share. Health care clearly needs more public financing.

Health care needs are growing, due to many factors, including ageing of the population, increasing living standards, medical technology development. Thus, the biggest problem in the Polish health care system is the discrepancy between growing demand and unsatisfactory supply. Additionally, there is a growing problem of medical staff shortage (especially of nurses), due to insufficient expenditure on health staff education and emigration.

The health care also needs a better coordination. The systems needs better mechanisms of effective allocation of resources: human, capital and material. The recommendations of the Green paper concentrate on two allocation fields, crucial from the point of view of cost generation:

- education and remuneration of medical staff,
- introducing a transparent and professional system of registration and repayment of medicines, with medical and cost efficiency³⁴.

Decreasing economic growth, as a result of the financial crisis, may cause concern about future development of the financial resources for the health care.

Unlike education, health care seems to be underestimated as a human capital investment in Poland. Health promotion and prevention to improve the health status of the population and reduce sickness burdens, increase labour productivity and allow for prolonged working lives, are not adequately addressed in the government policy. Instead, in 2008 some institutional changes of the health care providers as well as of the National Health Fund were planned which should have improved 'effectiveness of the management of public funds'. As mentioned in 2.2.2, these plans have not been introduced.

³³ CZAPIŃSKI, Janusz, PANEK, Tomasz (eds.), *Diagnoza społeczna 2007. Warunki i jakość życia Polaków (Social diagnosis. Conditions and quality of life of Poles)*, Rada Monitoringu Społecznego, Warszawa 2007, p. 101.

³⁴ GOLINOWSKA, Stanisława (ed.), *Raport: Finansowanie ochrony zdrowia w Polsce...*, p. 221-223.

2.3 Long-term care

2.3.1 Overview of the system's characteristics and reforms

Long-term care is not a separate social protection part; there is no separate long-term insurance or protection in Poland.

In most cases, long term care is in Poland provided by family members at home. There are several explanations of that:

- traditionally stronger family relations,
- insufficient institutional offer of publicly financed care,
- low income not sufficient for paying for private care.

The institutionalised long term care in Poland operates within both the health and social care sectors.

Health care plays an important role in care of elderly or disabled persons, including general care, specialised care and rehabilitation.

Long term care is offered as residential or home care. According to the Polish NSR, in 2006 there were:

- 300 care and treatment institutions with 16,552 beds,
- 119 nursing and care institutions with 4,847 beds.

In recent years there has been a clear increase of numbers of long term care institutions and beds.

For pensioners, a benefit from social insurance should also be mentioned here. The long-term care allowance is awarded to a person entitled to a pension, if such person has been recognised as completely incapable of work and of independent existence, or has reached the age of 75 years. It is payable by ZUS and financed by the Social Insurance Fund. Starting from 1 March 2009 the monthly rate is PLN 173.10 (25.6% of the minimum retirement pension).

According to the Green paper, expenditure on long term care made up 7.0% of all expenditures on health in 2006³⁵. Care is funded under the health insurance (National Health Fund, NHF), but food and accommodation is financed by the person, with an upper limit of 70% of his/her monthly income. For those not covered by the NHF, social assistance (state budget) covers the costs.

2.3.2 Overview of debates/ political discourse

In recent years several plans to introduce obligatory long term care insurance were prepared³⁶. They were mainly based on German experience³⁷.

³⁵ GOLINOWSKA, Stanisława (ed.), Raport: Finansowanie ochrony zdrowia w Polsce..., p. 143.

³⁶ An analysis of long-term care insurance in Poland and other countries – WIĘCKOWSKA, Barbara, Ubezpieczenie pielęgnacyjne (*Long term care insurance*), Szkoła Główna Handlowa w Warszawie, Warszawa 2008.

³⁷ WILMOWSKA, Anna, BŁĘDOWSKI, Piotr, Założenia do ubezpieczenia pielęgnacyjnego (*Fundamentals of long term care insurance*), in UŚCIŃSKA, Gertruda (ed.), Zabezpieczenie społeczne w Polsce. Problemy

The previous government proposed in 2007 to introduce a long-term care insurance from 2009, with a contribution rate of 2%.

The most recent proposal of a long-term care insurance was presented in April 2009. It has been prepared by a special committee of the Senate (the upper chamber of the Polish parliament), created in June 2008. The committee, including also specialists in this area, has proposed an additional long-term care insurance, with contribution between 1 and 1.5% of income. The new insurance would cover all those currently insured in health care insurance. A new fund would be created, managed by the National Health Fund.

The proposal met with critics, especially pointing to the fact that this new contribution would mean 'rising taxes'. Especially in the context of crisis, the proposal seems to have little prospect of success.

2.3.3 Impact assessment

Distribution of care services across the country is uneven. Access is especially difficult in smaller and rural areas. The NSR also indicates that the average waiting time for long term care has been getting longer. The average waiting time for a place in a care and treatment institution differs between 22 days (Warmińsko-Mazurski region) and 259 days (Małopolski region).

The quality of long term care has become a public issue recently. After several media information in 2007 about incidences in functioning of care institutions, especially in the area of patients' rights, a control action on the initiative of the Minister of Health was introduced. After the control, no necessity of changing the legal regulations of functioning of care institutions was stated.

One possibility of improving the quality of long term care services is seen in education of non-professionals (family, direct care person) taking care of the person at home as well as education in the profession of medical care person. In the political discussion the idea has also been raised that volunteers could support the caring families.

The importance of prevention, as part of the National Health Programme for 2007-2015, has been stressed, accepted by the Government in May 2007, in which the objective number 9 is devoted to 'creating conditions for healthy and active life of the elderly'. Many studies indicate that prevention, rehabilitation and public health is a weak element of the Polish system. The share of expenditure on prevention and public health decreased from 3.6% of total expenditure on health care in 1999 to 2.3% in 2006³⁸.

There is the traditional gender division of informal care at home in Poland – it is clearly women's responsibility. Sometimes even the persistence of lower legal retirement age of women was explained with their care responsibilities: Women and society as a whole were interested that women retire earlier in order to take over the care responsibilities – of grandchildren and/or of their parents/ parents in law. However, this attitude has started to change. The growing share of the society, especially the younger generation, does not accept this traditional gender inequality and supports equality in care responsibilities and balance between professional and family life. Many proposals have been made to support these changes, including legal changes and development of institutional care³⁹.

do rozwiązania w najbliższej przyszłości (*Social security in Poland. Problems to be solved in the nearest future*), Instytut Pracy i Spraw Socjalnych, Warszawa 2008, pp. 252-271.

³⁸ GOLINOWSKA, Stanisława (ed.), Raport: Finansowanie ochrony zdrowia w Polsce..., p. 143.

³⁹ SADOWSKA-SNARSKA, Cecylia, Równowaga: praca – życie – rodzina (*Balance: work – life – family*), Wydawnictwo Wyższej Szkoły Ekonomicznej w Białymstoku, Białystok 2008.

As ageing of the Polish population is projected to be one of the fastest in the EU, the need for care for the elderly, including the long-term care, will grow dramatically. According to the Green paper, the share of health care expenditure for persons aged 65+ will grow from 28.6% in 2006 to 51.9% in 2050⁴⁰.

2.3.4 Critical assessment of reforms, discussions and research carried out

Long-term care is a very weak element in the Polish social protection system. In most cases, long-term care needs are covered by family and no formal institutions are used. An absolute majority of non-professionals taking care of family members at home are women.

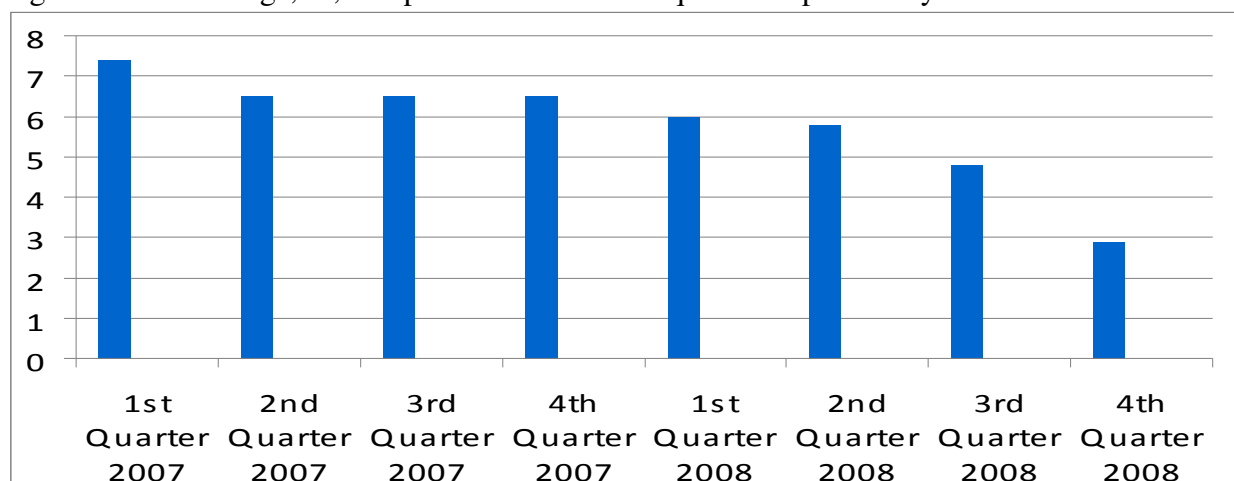
For these reasons, spending on institutionalised long-term care is low at present. It should grow substantially, in order to cover growing needs, especially in face of rapid ageing of the population.

Although crisis environment seems to be a rather sub-optimal time to introduce a new obligatory contribution, a long-term insurance will be probably introduced in Poland in coming years.

3 Impact of the Financial and Economic Crisis on Social Protection

Poland belongs to the minority of EU Member States still experiencing positive economic growth. Some of the projections for 2009 see positive growth figures still. The European Commission forecast for Poland in 2009 is -1.4%. However **growth rates have declined** in Poland clearly due to the world crisis (Figure 5), leading to growth in unemployment (Figure 6) and deteriorating state budget situation.

Figure 5: GDP change, %, compared with the same quarter of previous year



Source: Central Statistical Office, Warsaw.

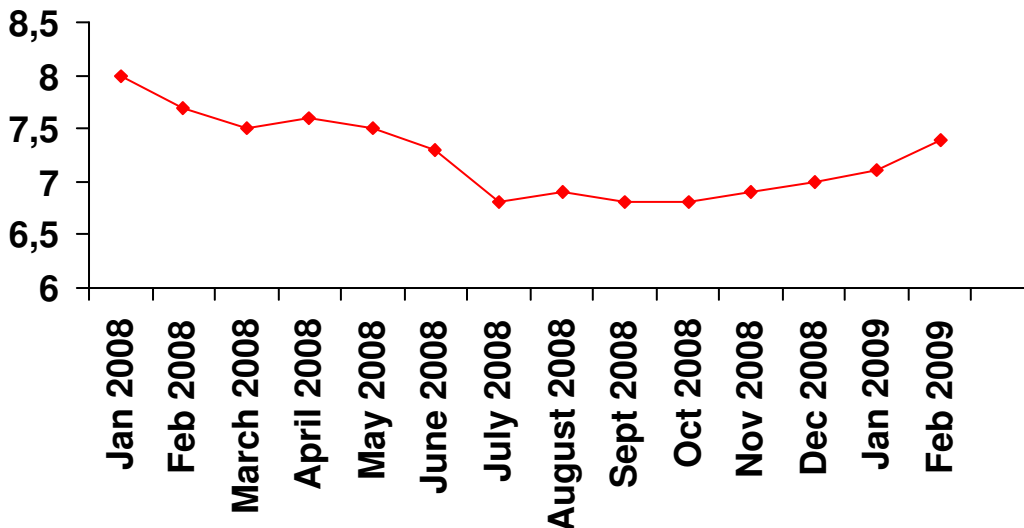
Slower economic growth, leading to **increasing unemployment** and thus less contribution and tax payments, has made the financial situation of the social insurance system even worse. Thus the deficit of the Social Insurance Fund (administered by ZUS), already extensive due to

⁴⁰ GOLINOWSKA, Stanisława (ed.), Raport: Finansowanie ochrony zdrowia w Polsce..., p. 205.

structural pension reform implemented in 1999 (Table 5), will grow, further decreasing the sustainability of the pension system in Poland.

In the coming months, unemployment is projected to grow further, due to slower economic growth. This will lead to growing needs for adequate social protection, mainly unemployment benefits and social assistance. Growing expenditure on social protection, together with lower revenues, will further threaten the financial sustainability of social protection in Poland.

Figure 6: Seasonally adjusted unemployment rate, %, January 2008-February 2009



Source: EUROSTAT database

The funded ‘second pillar’ of the Polish statutory pension system, i.e. the open pension funds, has clearly been influenced by the financial crisis which began well before the economic crisis started to be experienced in Poland.

Until recently, the efficiency of the open pension funds was assessed positively. The analysis of old-age contributions paid for first and second pillars from the start of the reform in 1999 until the end of 2006 showed that the capital accumulated in the open pension funds grew much faster than the ‘notional capital’ in the first pillar. The analysis concluded that if it continues, the ‘second pillar’ will contribute more to the future pension adequacy than its share in total pension system and the aims of the reform in this respect will be fulfilled⁴¹. The situation changed dramatically in 2008. Due to the financial crisis, at the end of October 2008 almost half of all the profits earned by the open pension funds since 1999 were lost. The Financial Supervision Authority announced on 23 October 2008 that in 2008 the open pension funds lost PLN 24.2 billion, almost half of all profits earned since the beginning of their functioning in 1999. As a result, the funds earned PLN 24.8 billion between 1999 and October 2008⁴².

The issue became main news in media in Poland, partly with mistakes that all the profits were lost, and the trust in the privately managed pension provision was badly damaged.

⁴¹ MINISTERSTWO PRACY I POLITYKI SPOŁECZNEJ, Analiza: Rozliczenie składek emerytalnych wpłacanych do ZUS i OFE za okres lipiec 1999 – grudzień 2006 (*Analysis: Old-age contributions paid into the Social Insurance Institution and open pension funds from July 1999 till December 2006*), Warsaw: Ministerstwo Pracy i Polityki Społecznej (Ministry of Labour and Social Policy), April 2007.

⁴² www.knf.gov.pl/Images/konferencja_prasowa_22_10_08_a_tcm20-9131.pdf.

The newest data show that in 2008, for the first time since the start of the reform, the rate of return of the open pension funds in Poland was negative: (Figure 3). This was the result of the negative development on the Warsaw Stock Exchange – see the WIG index development – Figure 7.

Figure 7: Warsaw Stock Exchange – WIG index 21 April 2008-24 April 2009



Source: Warsaw Stock Exchange - www.gpw.pl, access 25 April 2009.

Ministry of Labour and Social Policy is now considering introducing lifestyling investment as well as decreasing the highest level of contribution fee deducted from contributions by pension fund societies.

As a consequence of media information about pension funds losses, some radical plans of reversing the pension reform through making the open pension funds voluntary have also appeared, raised by the two main opposition parties and one of the two main trade union federations. Till now the proposals are only formulated in a very general way.

It seems unlikely that such radical proposals could be implemented at present. However, it is interesting to observe how the political consensus on which the pension reform had been based was damaged within a relative short period of time, due to the financial and economic crisis. Much depends on further development in this respect.

As crisis has been relatively 'soft' in Poland till now, compared to many other countries, many other issues in the area of social protection have not been raised in Poland yet. This may change, depending on further development.

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4 Abstracts of Relevant Publications on Social Protection

[R] Pensions

[R1] General trends: demographic and financial forecasts

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

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

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

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

[R1; R2] DYBAŁ Mariusz, «Efektywność inwestycyjna funduszy emerytalnych», CeDeWu Sp. z o.o., Warszawa 2008, 271 pp.

“Investment efficiency of pension funds”

A book based on a research grant in economics on investment efficiency of the open pension funds in Poland between 1999 and 2005. The analysis is based both on extensive literature and empirical analysis of pension funds functioning. Chapter one presents pension funds in old-age security. Chapter two analyzes various methods of measuring the investment efficiency of pension funds. In chapter three, those determinants of investment efficiency are analysed which are not influenced by pension funds (like financial market development). In chapter four, investment efficiency is analysed which can be influenced by pension funds (risk diversification and investment policy). In chapter five, the investment efficiency of open pension funds in Poland is analysed, according to various methods.

[R4; R5; H2; H7] KOMITET PROGNOZ “POLSKA 2000 PLUS” (ed.), «Polska w obliczu starzenia się społeczeństwa – Diagnoza i program działania», Warszawa 2008, 242 pp.

“Poland facing the population ageing – Diagnosis and action programme”

The book was published by the Forecast Committee of the Polish Academy of Sciences “Poland 2000 Plus”. This is a collection of studies written by distinguished Polish scholars of various disciplines dealing with ageing of the population. They try to answer the question how to make life attractive for the ageing Polish population. According to the demographic forecast, pensioner population will account for one third of the entire population of Poland by 2030. Main focus of the study next to the retirement system, are: decreasing psychophysical capabilities, growing feeling of loneliness and multi-disease. The book not only presents a diagnosis of these problems, but also suggests a framework for action.

[R2] SZCZEPAŃSKI Marek, & BRZĘCZEK Tomasz, «Determinanty rozwoju pracowniczych programów emerytalnych w Polsce w świetle badań opinii pracodawców», Polityka Społeczna, 8/2008, pp. 25-31.

“The determinants of development of occupational pension schemes in Poland from the employers’ point of view”

The article in the monthly scientific journal “Social Policy”, written by two researchers, presents the results of a survey in chosen 100 companies in Poland which offer Employees’ Pension Programmes (EPP) for their employees. The results of the opinion poll show that the most important determinants of foundation of EPP are: providing the employees a supplementary pension insurance and keeping the employees in company (strengthening of loyalty). The most important determinants of the choice of EPP form are: a possibility of insurance of employees and of influence of the company on management of EPP. But at the same time they stress the need of introduction of stronger economic (especially fiscal) incentives for employers and

employees. EPP in form of employees' pension fund, offered for the employees of more than one enterprises, could reduce relatively high costs.

[R4] SZUKALSKI Piotr (ed.), «To idzie starość. Postawy osób w wieku przedemerytalnym. Raport z badań», ISP, Warszawa 2008, 107 pp.

“The old age is approaching. Attitudes of people in pre-retirement age”

A research report by the Institute of Public Affairs on the issue how people belonging to the post-war baby boom generation are preparing themselves to the old age, whether they are ready to adjust their life plans because of the outside incentives. This population of 10.5 million persons, accounting for 27.6% of the entire population, was surveyed. The authors have chosen several areas which have been formulated as crucial for the possibilities of preparation for individual and collective old age, as well as for influencing individual preparations. The topics were: the lifestyle, health status, rehabilitation, economic activity, care of older persons.

[R2] SZUMLICZ Tadeusz (ed.), «Rola rynku ubezpieczeniowego w realizacji reformy systemu emerytalnego», Biblioteka Ubezpieczeniowa, Polska Izba Ubezpieczeń, March 2008.

“Role of insurance market in realisation of the pension system reform”

A special edition of the journal “Insurance issues”, including material from the conference organised by the Polish Chamber of Insurance in January 2009. The subject of the publication was the realisation of the pension reform in Poland, especially of those elements which were still not completed at the beginning of 2008. The first part was devoted to the general assessment of the realisation of pension reform 10 years after its start. The second part was on the solutions of payment of benefits from the second ‘pillar’ – the open pension funds, an issue not solved until 2008. The final section was devoted to the third ‘pillar’ and the conditions of its development.

[R2, R3, R4, L] UŚCIŃSKA Gertruda (ed.), «Zabezpieczenie społeczne w Polsce. Problemy do rozwiązania w najbliższej przyszłości», Instytut Pracy i Spraw Socjalnych, Warszawa 2008, 334 pp.

“Social security in Poland. Problems to solve in near future”

The aim of the report is to analyze the current state of the Polish social security system (based on situation in the end of 2007) and to suggest some changes to be adopted in near future. It covers most areas of social security: sickness benefits, maternity benefits, family benefits, incapacity for work benefits, retirement pensions, survivor benefits, work injury and occupational disease benefits, medical certification and rehabilitation, long-term care, labour market participation of disabled workers.

Most authors are researchers in the area of social security, some are workers of social security administration.

Most chapters are based on a similar structure: analysis of present legal situation, international standards, solutions in other countries, statistical analysis, proposals for changes.

Chapter V covers unsolved problems in old-age insurance: changes of retirement age, pension adjustment, benefits from the funded part of the system, reform of the additional voluntary pension accounts.

Chapter IX presents the present solutions in long-term care and offers some proposals for long-term insurance. Health care is not covered.

[R2] ZIELIŃSKI Paweł, «Poziomy polskiego systemu zabezpieczenia emerytalnego», *Polityka Społeczna*, 2/2009, pp. 10-14.

“Levels of Polish pension system”

An article in the monthly scientific journal “Social Policy”, written by a young researcher, based on analysis of literature and legal acts.

The author presents a new, alternative to the currently applied (“three pillars”), method of describing segments of the Polish pension system. Criteria which serve to differentiate the levels of a pension system are first described. Next, the author proposes the four-tier model of the Polish pension system: first: obligatory pay-as-you go (NDC), second: obligatory funded (open pension funds), third: voluntary occupational pension schemes, fourth: voluntary individual old-age provision.

[H] Health

[H1] Health expenditures: financing, macroeconomic impact, forecasting,...

[H2] Public health policies, anti-addiction measures, prevention,...

[H3] Health inequalities and access to health care: public insurance coverage, spatial inequalities,...

[H4] Governance of the health system: institutional reforms, transfer to local authorities,...

[H5] Management of the health system: HMO, payments system (capitation, reimbursement,...)

[H6] Regulation of the pharmaceutical market

[H7] Handicap

[H1; H4] DOMAGAŁA Alicja, «Kadry medyczne w ochronie zdrowia. Tendencje zmian w kraju i na świecie», *Polityka Społeczna*, 7/2008, pp. 7-11.

“Human resources for health. National and global trends of changes in health employment”

This article in the monthly scientific journal “Social Policy” presents an overview of health care situation in Poland. Recently, a significant decrease of medical staff indicators in all medical staff groups has been observed. Low remuneration and the difficult situation on the labour market led to a significant migration of Polish doctors and nurses to other EU Member States. It is estimated that the emigration concerned some 5% of medical staff. This may lead to a significant worsening of possibilities to cover growing needs for health care, especially as far as nurses are concerned.

[H5] FRĄCZKIEWICZ-WRONKA Aldona (ed.), «Performance measurement in public organisations. The theory and practice of the health care sector», University of Economics in Katowice, Katowice 2008, 207 pp.

A book in English edited by a social policy and public health professor from the University of Economics in Katowice, based on literature, mainly on public management and public health. Chapter one presents the need for performance measurement in the health care public sector. Chapter two analyses organisational downsizing and its perceived impact on performance measurement in the public sector – challenges and opportunities in health care organisations. The third chapter presents the SPACE method (Strategic Position and Action Evaluation) as a tool of public health care unit effectiveness. Chapter four analyses outsourcing as a tool of effectiveness enhancement in modern public management sector. The fifth chapter is on increasing the effectiveness of the health care entities by effective quality management. The chapter six deals with leadership and its influence on organisation effectiveness. The seventh chapter is an attempt to answer the question: how do performance management help or hinder organisational effectiveness in public sector.

[H1; H4] GOLINOWSKA Stanisława (ed.), Raport: Finansowanie ochrony zdrowia w Polsce - Zielona księga II, wersja trzecia, Warszawa, November 2008, 232 pp.

“Report: Financing of the health care in Poland – Green paper II, third version”

An extensive report, written by a team of 14 researchers from various research centres in Poland, commissioned by the Ministry of Health in January 2007. The work is based on the analysis of documents, statistics and existing research results. The report is a comprehensive diagnosis of health care financing in Poland in the period 2004-2007. First, revenues of the health sector from all sources are analysed. Secondly, costs in the health sector are analysed. Third, expenditure on health care is subject of the analysis. On this background, the imbalance in health sector in Poland is analysed. The main finding is an extensive imbalance in the Polish health care system - the discrepancy between growing demand and unsatisfactory supply. The Green paper includes also prognosis of the further development of health financing in Poland. The report includes recommendations for changes in health care financing in Poland.

[H4] JOŃCZYK Jan, «Aspekty prywatyzacji szpitala», Praca i Zabezpieczenie Społeczne, 7/2008

“Aspects of Hospital Privatising”

An article by a law professor in the monthly journal “Labour and Social Security”. Putting public hospitals on company law regime to achieve better management and to avoid hospital debts became presently the focus of the debate on health care. The paper shows that the very goal of "privatising hospitals" is transforming them into commercial establishments what could have a couple of negative consequences relating to public health, status of the medical profession, social discrimination against population with lower income, etc. A comparative look says that after bad experience with the "regulated health provider market" the concept of a "regulated health insurer market" is tested. The sceptical logic is, however, that it would be neither market nor public regulation and in detail: the cost of health care is determined overwhelmingly by autonomous medical decisions which are hardly controllable by hospital management, the less by the health insurer. In the case of Poland privatising hospitals is not a point of health policy, it is rather the outcome of fiscal policy to keep public expenditure on a low level (about 4% GNP) and to put more private money into the system with help of commercialised hospitals. In the long run this policy will probably prove ineffective for constitutional and European law reasons.

[H4] JOŃCZYK Jan, «Dodatkowe ubezpieczenie zdrowotne », Praca i Zabezpieczenie Społeczne, 4/2008,

“Complementary Health Insurance”

An article by a law professor in the monthly journal “Labour and Social Security”. The idea of complementary health insurance was present in Polish health policy since a couple of years, a draft statute on this subject, however, was shown in January 2008 together with a new version of the Health Care Establishments Statute (legislated initially in 1991) and an additional regulation on patient's rights. The key role has the complementary health insurance which is to institutionalise the relatively high, partly informal, private health care cost sharing in Poland (1/3 of the total - about 6% GNP - health expenditure). This new insurance is expected to function on commercial and competitive basis, under a strict administrative control, however. It is in some way a concept of a regulated market of insurers and health care establishments, the latter to be transformed into private (commercial) law corporations. The patient will have a

quasi-public status, to be protected by a new authority - the patient's "individual and collective rights" ombudsman. The draft regulation looks like a public-private hybrid, experimented already in some countries, which in insurance and health care theory evokes much criticism.

[H2] KARSKI Jerzy B., «Promocja zdrowia dziś i perspektywy jej rozwoju w Europie», CeDeWu.PL, Warszawa 2009, 140 pp.

“Health promotion today and its perspectives in Europe”

A book on health promotion in the EU, written by a public health specialist from the Medical University of Warsaw. The book presents trends, programmes and projects in health promotion, both those currently run and planned for the future. Chapter one presents main methods of temporary health promotion. Chapter two describes European indicators used in health promotion. Chapter three analyses the changing conditions for health promotion in Europe. Chapter four is devoted to main health programmes and regulations in Europe. Chapter five presents chosen examples of technologies and research for health in Europe. Chapter six points to the necessity of a new health policy for Europe. Chapter seven concerns the new challenges and perspectives for public health in Europe in 21st century.

[H4] KAUTSCH Marcin, LEWANDOWSKI Roman, «System certyfikacji jakości usług w systemie ochrony zdrowia», Polityka Społeczna, 3/2009, pp. 11-16.

“Health care services quality certification in Poland”

An article in a monthly scientific journal “Social Policy”, written by a researcher and a health care practitioner.

Two methods certifying the quality in Polish health care are described: certification according to the ISO 9001-2001 norm and CMJ (short for the Polish name of the state institution: Centre for Health Care Quality Monitoring) accreditation. Number of health care units accredited has recently substantially grown. The evidence shows that it does not bear real quality increase of services provided by the units. The authors explain this by the fact that the present system of health care financing in Poland does not include any links between the financing and the quality of services and patients’ satisfaction. The article presents some proposals which may improve quality of health care services.

[R4; R5; H2; H7] KOMITET PROGNOZ “POLSKA 2000 PLUS” (ed.), «Polska w obliczu starzenia się społeczeństwa – Diagnoza i program działania», Warszawa 2008, 242 pp.

“Poland facing the population ageing – Diagnosis and action programme”

The book was published by the Forecast Committee of the Polish Academy of Sciences “Poland 2000 Plus”. This is a collection of studies written by distinguished Polish scholars of various disciplines dealing with ageing of the population. They try to answer the question how to make life attractive for the ageing Polish population. According to the demographic forecast, pensioner population will account for one third of the entire population of Poland by 2030. Within the focus of the study next to the retirement system, are: decreasing psychophysical capabilities, growing feeling of loneliness and multi-disease. The book not only presents a diagnosis of these problems, but also suggests a framework for action.

[H1] LEŚNIEWSKA Joanna, «Migracje polskich pielęgniarek – wstępne informacje», *Polityka Społeczna*, 2/2008, pp. 19-21.

“Migration of Polish nurses – provisional data”

This article in the monthly scientific journal “Social Policy” presents data collected for a doctoral dissertation on migration of Polish nurses to the EU countries. Challenging work conditions together with low salary have led to a significant migration increase, especially after Poland’s accession into EU. Between 2004 and 2006 the number of nurses employed in Poland decreased by 8815. In the same period, only in three EU Member States (UK, Ireland and Italy), 1991 Polish nurses were registered. The emigration has contributed to shortage of nurses in Poland.

[H1; H4; H5; H6] RYĆ Kazimierz, & SKRZYPCZAK Zofia. «Ochrona zdrowia i gospodarka. Mechanizmy rynkowe a regulacje publiczne», Wydawnictwo Naukowe Uniwersytetu Warszawskiego, Warszawa 2008, 356 pp.

“Health care and economy. Market mechanism and public regulations”

The third book published by the Faculty of Management of Warsaw University under the general title “Health care and economy” (the former were published in 2006 and 2007). This issue is a collection of studies on problems of regulation and de-regulation in the Polish health sector. The studies are grouped in three topics: Organisation and financing of health care: Market aspects in the health sector; Problems of efficiency and quality of health care; Legal aspects of health sector functioning. The book includes as many as 29 chapters on various aspects of the above mentioned topics, written by scholars from various universities in Poland as well as by some health managers and doctors.

[H4] SZUMLICZ Tadeusz (ed.). «Ubezpieczenia w systemie ochrony zdrowia», Biblioteka Ubezpieczeniowa, Polska Izba Ubezpieczeń, July 2008.

“Insurance in the health care system”

A special edition of the journal “Insurance issues”, including material from the conference organised by the Polish Chamber of Insurance in March 2009. The topic of the conference was the place of private insurance in the Polish health care system. On the one hand many representatives of insurance market presented arguments for introducing additional health insurance. On the other hand, health care experts analysed circumstances under which such a solution would contribute to a better health care system in Poland.

[R2, R3, R4, L] UŚCIŃSKA Gertruda (ed.), «Zabezpieczenie społeczne w Polsce. Problemy do rozwiązania w najbliższej przyszłości», Instytut Pracy i Spraw Socjalnych, Warszawa 2008, 334 pp.

“Social security in Poland. Problems to solve in near future”

The aim of the report is to analyze the current state of the Polish social security system (based on situation in the end of 2007) and to suggest some changes to be adopted in near future. It covers most areas of social security: sickness benefits, maternity benefits, family benefits, incapacity for work benefits, retirement pensions, survivor benefits, work injury and occupational disease benefits, medical certification and rehabilitation, long-term care, labour market participation of disabled workers.

Most authors are researchers in the area of social security, some are workers of social security administration.

Most chapters are based on a similar structure: analysis of present legal situation, international standards, solutions in other countries, statistical analysis, proposals for changes.

Chapter V covers unsolved problems in old-age insurance: changes of retirement age, pension adjustment, benefits from the funded part of the system, reform of the additional voluntary pension accounts.

Chapter IX presents the present solutions in long-term care and offers some proposals for long-term insurance. Health care is not covered.

[H4] ZALEWSKI Dariusz, «Konflikty i interesy w sektorze zdrowotnym - ich instytucjonalizacja i rozwiązywanie», *Polityka Społeczna*, 7/2008, pp. 32-38.

“Conflicts and interests in public health care system – their institutionalisation and solving”

This article in the monthly scientific journal “Social Policy” argues that the function of social dialogue is institutionalisation of conflicts arising out of different group interests. Existing social dialogue institutions in Poland, especially the Tripartite Commission, are not used to regulate conflicts around functioning of the public health system. The main conflict is held outside of social dialogue institution, leading to a dysfunction of the public health care system. One of the main weaknesses of Polish solutions is not including representatives of medical groups into the social dialogue.

[L] Long-term care

[R2 to R4, L] UŚCIŃSKA Gertruda (ed.), «Zabezpieczenie społeczne w Polsce. Problemy do rozwiązania w najbliższej przyszłości», Instytut Pracy i Spraw Socjalnych, Warszawa 2008, 334 pp.

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Chapter IX presents the present solutions in long-term care and offers some proposals for long-term insurance. Health care is not covered.

[L] WIĘCKOWSKA Barbara, «Ubezpieczenie pielęgnacyjne», Szkoła Główna Handlowa w Warszawie, Warszawa 2008, 249 pp.

“Long-term care insurance”

The book, published by the Warsaw School of Economics, is based on the PhD thesis prepared at the Department of Social Insurance of this university, under the supervision of professor Szumlicz. It is the first book in Poland on using the insurance method in managing the long-term care risk. The book consists of four chapters: Old-age infirmity as a social risk; Determinants of increasing the old-age infirmity risk and the demand for institutional long-term care; Long-term care insurance in the social security system; Voluntary long-term care insurance. The author argues for a public (obligatory) and private (voluntary) long-term care insurance in Poland.

5 List of Important Institutions

Important scientific and other institutions which influence the scientific and political debate on social protection reforms - if not mentioned otherwise, all the following institutions are public.

Instytut Gospodarstwa Społecznego, Szkoła Główna Handlowa – Institute of National Economy, Warsaw School of Economics

Contact person: Piotr Błędowski
Address: ul. Wiśniowa 41, 02-520 Warszawa
Phone: 0048 (0) 22 5649112
Webpage: www.sgh.waw.pl/instytuty/igs-kes

The Institute was created in 1920 and it was led until 1941 by the famous Polish sociologist Ludwik Krzywicki. Reestablished in 1957, now led by Professor Piotr Błędowski, concentrates on research concerning, inter alia: situation of older persons, unemployment and poverty, meeting social and medical needs in local societies, social policy on regional, national and international level.

Instytut Polityki Społecznej, Wydział Dziennikarstwa i Nauk Politycznych, Uniwersytet Warszawski – Institute of Social Policy, Faculty of Journalism and Political Science, Warsaw University

Contact person: Maciej Duszczyk
Address: ul. Nowy Świat 67, 00-927 Warszawa
Phone: 0048 (0) 22 8266652, 0048 (0) 22 5520286
Webpage: www.ips.uw.edu.pl

Institute of Social Policy at the Warsaw University is one of the leading research and teaching institutions in the area of social policy in Poland. It offers study of social policy at all levels. The Institute, now led by Professor Cezary Żołędowski, employs many leading scholars in this area. Research carried out at the Institute concerns such areas like theory of social policy, social problems, labour market and unemployment, social security, local social policy, social economy, European social policy, migrations and migration policy, comparative social policy.

Instytut Pracy i Spraw Socjalnych – Institute of Labour and Social Studies

Contact person: Ewa Gimalska
Address: ul. Bellottiego 3B, 01-022 Warszawa
Phone: 0048 (0) 22 53 67511
Webpage: www.ipiss.com.pl

The Institute of Labour and Social Studies, now led by Professor Bożena Balcerzak-Paradowska is a leading research institute in this area in Poland. The Institute has been operating for forty years serving not only government administration and policy makers, but also taking active part in academic research works, tutoring and supervising series of publications. The research covers such topics as: labour market policy, migration, human resource management, labour law, collective labour relations, social security, family policy, social exclusion, etc.

The publishing house of the Institute prepares numerous publications (for Polish and international markets) that are useful in the teaching process. The Institute publishes the monthly scientific journal “Social Policy”.

The Institute also organises seminars and conferences. It takes part in numerous EU funded research activities.

Instytut Spraw Publicznych (ISP) – Institute of Public Affairs (IPA)

Contact person: Katarzyna Renaud
Address: ul. Szpitalna 5, 00-031 Warszawa
Phone: 0048 (0) 22 5564260
Webpage: www.isp.org.pl

The Institute of Public Affairs, led by Professor Lena Kolarska-Bobińska, is an independent, non-partisan public policy think tank. The IPA was established in 1995 to support modernisation reforms and to provide a forum for informed debate on social and political issues. It conducts research as well as societal analysis and presents policy recommendations. The IPA has prepared reform proposals for the key areas in society and politics. The Institute has a network of associates, which consists of scholars from different academic institutions as well as numerous social and political actors. The IPA publishes the results of its activities in the form of books and policy papers. It also organises seminars, conferences and lectures.

One of the IPA's programmes is The Social Policy Programme which monitors social consequences of the systemic transformation in Poland and other East and Central European countries. The projects which are implemented within the programme's framework concern:

- *strategies for preventing unemployment and social marginalisation,*
- *health care and social security reforms,*
- *the status and needs of particular social groups,*
- *trade unions and social dialogue,*
- *the role of non-governmental organisations in social policy.*

Instytut Zdrowia Publicznego, Wydział Nauk o Zdrowiu, Uniwersytet Jagielloński – Institute of Public Health, Faculty of Health Care, Jagiellonian University

Contact person: Katarzyna Czabanowska
Address: ul. Grzegórzecka 20, 31-531 Kraków
Phone: 0048 (0)12 4241360
Webpage: www.izp.cm-uj.krakow.pl

The Institute of Public Health in the Faculty of Health Care at the Jagiellonian University Medical College is the former Cracow School of Public Health, established in 1990 as the first school of public health in Poland.

The Institute conducts research and development activities as well as training within the broadly understood field of public health: health organisation and health economics, social aspects of health care systems, administration and management, epidemiology, health promotion, issues of community health, managing pharmaceuticals and medical materials, computerisation and issues relating to the dissemination of information within health care.

The Institute was led by Professors Cezary Włodarczyk (1997-2002), Stanisława Golinowska (2002-2007) and now is led by Professor Andrzej Pająk.

Izba Gospodarcza Towarzystw Emerytalnych (IGTE) – Polish Chamber of Pension Funds

Contact person: Ewa Lewicka
Address: Al. Jana Pawła II 34 lok. 7, 00-141 Warszawa
Phone: 0048 (0) 22 62067 68; 0048 (0) 22 6206738
Webpage: www.igte.com.pl

Established in 1999 as an organisation of economic self-government of general pension societies, the Polish Chamber of Pension Funds is managing the open pension funds, the funded obligatory tier of the universal pension system in Poland. It is now an association of 12 out of 14 open pension funds operating in Poland. The Chamber represents the interests of these pension funds. It enables them to prepare common opinions about issues vital for them.

Katedra Polityki Społecznej i Gospodarczej, Wydział Ekonomii, Akademia Ekonomiczna w Katowicach – Department of Social and Economic Policy, Faculty of Economics, University of Economics in Katowice

Contact person: Andrzej Rączaszek
Address: ul. Bogucicka 14 40-287 Katowice
Phone: 0048 (0) 32 2577565
Webpage: www.ae.katowice.pl/?contentid=874

The Department of Social and Economic Policy at the University of Economics in Katowice was led by Professor Lucyna Frąckiewicz, and since her retirement it is led by Professor Andrzej Rączaszek. It is researching and teaching, among others, on social security, including retirement and disability pensions and long-term care. It is organising yearly big conferences on social policy, integrating various research centres in this area.

Katedra Pracy i Polityki Społecznej, Wydział Ekonomii, Uniwersytet Ekonomiczny w Poznaniu - Department of Labour and Social Policy, Faculty of Economics, Poznań University of Economics

Contact person: Piotr Michoń
Address: Al. Niepodległości 10, 61-875 Poznań
Phone: 0048 (0) 61 8543883
Webpage: www.kpips.ue.poznan.pl

The Department of Labour and Social Policy at the Poznań University of Economics is led by Professor Józef Orczyk. It is researching and teaching, among others, on social security, including retirement pensions in Poland and in the EU, family policy, education, human resource management. It is known for integrating research on labour and on social policy.

Katedra Prawa Ubezpieczeń Społecznych i Polityki Społecznej, Wydział Prawa i Administracji, Uniwersytet Łódzki – Department of Social Insurance and Social Policy Law, Faculty of Law and Administration, University of Łódź

Contact person: Wiesława Rychter
Address: ul. Kopcińskiego 8/12, 90-232 Łódź
Phone: 0048 (0) 42 6354604
Webpage: www.wpia.uni.lodz.pl/struktura/index.php?go=katedry/katedra_info.php?kat=5190000

The Department of Social Insurance and Social Policy Law at the University of Łódź, led by Professor Teresa Bińczycka-Majewska, is doing research of various problems of labour and social law. The Department is best known from law expertise on social security law, including social security coordination in the EU and the health care law and systems.

Katedra Socjologii i Polityki Społecznej, Wydział Nauk Ekonomicznych, Uniwersytet Ekonomiczny we Wrocławiu – Department of Sociology and Social Policy, Faculty of economic Sciences, Wrocław University of Economics

Contact person: Anna Dolińska
Address: ul. Komandorska 118/120, 53-345 Wrocław
Phone: 0048 (0) 71 3680192
Webpage: www.ksips.ue.wroc.pl

The Department of Sociology and Social Policy at the Wrocław University of Economics, led by Professor Zdzisław Pisz, is conducting research on various areas of social policy, including social protection on national and local level. The specialisations are, among others, education, labour market, health care, social inclusion, disability insurance, civil society.

Katedra Ubezpieczenia Społecznego, Szkoła Główna Handlowa – Department of Social Insurance at the Warsaw School of Economics

Contact person: Dariusz Stańko
Address: ul. Wiśniowa 41 p. 35 02-520 Warsaw
Phone: 0048 (0) 22 5648603
Webpage: <http://www.sgh.waw.pl/katedry/kus>

The Department of Social Insurance at the main Polish university of economics: Warsaw School of Economics was created in 1995, i.e. when interests in insurance issues had been increasing considerably due to development of insurance market and the reform of social security system.

The Department does teaching and scientific activities in the field of comprehensively defined insurance with particular focus on social aspects of insurance theory and insurance practice. The Department is led by Professor Tadeusz Szumlisz, one of the best experts in insurance, especially social insurance, in Poland.

Komisja Nadzoru Finansowego (KNF) – Polish Financial Supervision Authority (PFSA)

Contact person: Marzena Borowiec
Address: Plac Powstańców Warszawy 1, 00-950 Warszawa
Phone: 0048 (0) 22 3326600
Webpage: www.knf.gov.pl

Since 2006 the Polish Financial Supervision Authority (PFSA) is the governmental supervisory body over all financial institutions in Poland: banks, insurance companies, capital market institutions, electronic money institutions and pension funds and schemes. The aim of financial market supervision is to ensure regular operation of this market, its stability, security and transparency, confidence in the financial market, as well as to ensure that the interests of market actors are protected.

The Authority, dealing generally with financial market, is connected to the social protection - the funded tier of the pension system (open pension funds), it also supervises voluntary employee pension programmes.

Komitet Nauk o Pracy i Polityce Społecznej Polskiej Akademii Nauk – Committee on Labour and Social Policy Sciences, Polish Academy of Sciences

Contact person: Lucyna Machol-Zajda
Address: Bellotiego 3b, 01-022 Warszawa
Phone: 00048 (0) 22 5367521
Webpage: www.knopips.pan.pl

A scientific committee of the Polish Academy of Sciences, constituting an independent body, cooperating with the Academy's division; nation-wide representation of disciplines dealing with labour and social policy. Members are chosen by all professors in those disciplines nationwide. The chairman is now Professor Józef Orczyk. The Committee organises conferences and seminars, awards prizes for outstanding research results and also is the editor of the journal „Problems of social policy”.

Ministerstwo Pracy i Polityki Społecznej – Ministry of Labour and Social Policy

Address: ul. Nowogrodzka 1/3/5, 00-513 Warszawa
Phone: 0048 (0) 22 661 10 00
Webpage: <http://www.mpips.gov.pl>

The Ministry of Labour and Social Policy is subdivided in various departments to deal with their tasks in the fields of Economic Analyses and Forecasts, Social Dialogue and Partnership, Women, Family and Counteracting Discrimination, Funds, Social Assistance and Integration, Public Gain, Labour Law, Labour Market, Family Benefits, Social

Insurance, Implementing the European Social Fund, International Cooperation, Office of the Government Plenipotentiary for Disabled People.

Ministerstwo Zdrowia – Ministry of Health

Address: ul. Miodowa 15, 00-952 Warsaw
Phone: 0048 (0) 22 634 96 00
Webpage: <http://www.mz.gov.pl>

Since 1989 the Ministry of Health experienced profound changes, but still remains the main responsible public entity for legislation and provision of all health-related topics. It is responsible for the national health policy including the approval of National Health Plans, major capital investments and medical science and education, with administrative responsibility for those health care institutions that it directly finances. Medical academies, university hospitals and research institutes are semi-autonomous but ultimately accountable to the Ministry of Health.

Narodowy Fundusz Zdrowia (NFZ) – National Health Fund

Address: ul. Grójecka 186, 02-390 Warsaw
Phone: 0048 (0) 22 5726 000
Webpage: <http://www.nfz.gov.pl>

The National Health Fund finances the health services provided to insured persons from social contributions through its regional branches. Furthermore, the NHF contracts service providers for the supply of health services. It publishes periodical and occasional information bulletins and relevant statistical data.

Polska Izba Ubezpieczeń (PIU) – Polish Chamber of Insurance

Contact person: Andrzej Maciążek
Address: ul. Wspólna 47/49, 00-684 Warszawa
Phone: 0048 (0) 22 4205105
Webpage: www.piu.org.pl

Established in 1990, the PIU was a voluntary association of insurers. Under the Insurance Law of 8 June 1995, the Chamber was transformed into an organisation of insurance economic self-government with the obligatory membership.

The Chamber associates all the insurers active in the Polish market, representing the insurance sector. It enables to prepare common opinions about issues vital for insurers as well as policyholders. It integrates the insurance sector and lays the foundations for establishing an active and efficient insurance lobby.

As the Polish social security system has been based on social insurance principles, and there are close links to private insurance (e.g. in the ‘second pillar’ of the pensions system), the Chamber also deals with issues of social security, especially lobbying for more market (insurance) solutions.

It publishes the bimonthly magazine „Wiadomości Ubezpieczeniowe” („Insurance Issues”).

Polskie Stowarzyszenie Ubezpieczenia Społecznego (PSUS) – Polish Association of Social Insurance

Contact person: Antoni Malaka
Address: Zarząd Główny PSUS ul. Reymonta 4/6 pok. 402 50-225 Wrocław
Phone: 0048 (0) 71 3606251
Webpage: www.psus.pl

The Association is a forum of cooperation of lawyers, doctors, economists, sociologists and representatives of other disciplines, dealing with social insurance either as their research

theme or as practitioners in social insurance administration. Many employees of ZUS are members of the Association.

The main objectives are:

- *developing and popularising the social insurance ideas,*
- *improving the social insurance system through supporting research and contacts between researchers and practitioners,*
- *raising the importance of social insurance in research and teaching,*
- *popularising knowledge in the area of social insurance.*

The main activities are conferences, organised yearly. The papers prepared for the conference are published in a book. The Association is organising also lectures and training.

Polskie Towarzystwo Polityki Społecznej (PTPS) – Polish Society for Social Policy

Contact person: Justyna Godlewska
Address: Zarząd Główny PTPS, ul. Pandy 13, 02-202 Warszawa
Phone: 0048 (0) 22 8236623
Webpage: www.ptps.org.pl

An association of people researching and interested in social policy matters. It is following the traditions of the pre-war association. The association is now chaired by Professor Julian Auleytner. The main aims are: promoting the ideas of social policy, promoting and supporting research in this area, integrating the society of people dealing with this area. It is organising conferences, supporting research, disseminating information on social policy.

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