



# Weekly Briefing

**Slovenia Social briefing:**  
**The proposal of a new law on long-term care**  
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One of the most debated developments in the past few weeks was the proposal of a new law on long-term care, a measure which falls onto the background of an ongoing debate about the need for the new reform of the pension system and other measures which would have to be taken in order to handle the problem of rapidly aging population. With prognosis of rapid population graying, having a sustainable pension system, balancing the role of elderly people within society and in the workplace as well as financing and organizing of the long-term care for the older segment of the elderly population are extremely pressing issues.

### **The demographic background**

A rapidly aging population presents a challenge all over European Union. The so-called »graying« of Europe is due to many different demographic factors: fertility and mortality are decreasing and the life expectancy is becoming higher. The situation is worsened by the fact that the baby boom generation is now entering retirement age.

Slovenia is predicted to gradually transfer to a (slightly) negative population growth rate in the next decades. In the meanwhile Slovenian population is aging even faster than the European Union average. The percentage of the population over 65 is growing, while the percentage of active working population is decreasing. Although the predicted total demographic decrease for Slovenia is considerably small, the predicted changes in age structure of the population are considerably larger. In 2013 almost two thirds of the population was active working population. By 2050 this percentage is predicted to fall to only around a half of the population total and settle around that ratio. On the other hand the ratio of people over 65 years is predicted to almost double in the next decades; in 2050 it is predicted to be almost 30% of the whole Slovenian population.

The challenges of so rapidly aging population are manifold. Especially the sustainability of the pension system is at risk. The number and share of the active working population will diminish, while the ratio of the retired population will increase, along with the prolongation of the years of duration of pension benefits. A new reform of pension system is therefore debated, requiring also a reform of the labor market in order to ensure long-term competitiveness of Slovenian economy and sustainability of public finance. One of the proposed measures is prolongation of employment and rising of the work activity in the population of older workforce (over 55). In order to prolong the employability of individual older workers, education, social care and health care are the main tasks, also accompanied by the measures of age management within companies and organizations in order to ensure better integration of older workers within the work process.

### **Debate about the new reform of pension system**

The last large reform of the pension system was put in effect (from the beginning of 2013) at the time of the primarily right-wing government coalition of PM Janez Janša. The required age for men and women was to be gradually raised to 65 years (or 60 years of age *and* 40 years of employment). Before the passing of this law, the required age for women was 57 years and 4 months with min. 37 years and 9 months of employment (or 61 years and min. 20 years of employment) and for men the required age was 58 years with min. 40 years of employment (or 63 years with min. 20 years employment or 65 years with min. 15 years of employment). The main goal of the reform was also to rise the age when people decide to retire by stimulating the late retirement with bonuses and sanction the early retirement with maluses. The changes were employed gradually with also a gradual raise of the retirement age for all the categories - so the final year when the measures were put in effect was to be 2018. Therefore the debate about the need for new reform started just before that date, in the middle of the government term of PM Miro Cerar's government. The

requirement of European Commission, put forward in spring 2016 also included the passing of the new reformed law on pension system by the end of 2017. The main political parties in government, most prominently DeSUS, the advocate of the retired segment of population, but also the leading SMC and others all voiced their doubts about the need for the reform to happen so soon after the previous one, and especially in the time when the retired population is already at great social risk because of low income (a worrying ratio below the poverty threshold). On the basis of the so-called White Book of Pensions, prepared by the Ministry of Labor, Family, Social Affairs and Equal Opportunities in 2016, the new reform is scheduled for 2020. Main measures are planned to be:

- The criterion »every work counts«, taking into account not just regular long term employment but also contact work etc.
- Raising of the required age for retirement and prolonging the active work period of elderly people.
- Simplifying and unifying the pension calculation system, pursuing equal criteria for men and women, with the exception of special conditions and differences between genders on the labor market.
- Improving the system of additional individual retirement insurance.
- Stricter control over the employers in order to ensure that all the workers are covered by the paid retirement insurance.

The postponing of the reform is understandable within the timetable of elections, because the parliamentary election is due early summer 2018 and it is highly unlikely that the government would risk a drop in public popularity due to a drastic pension reform passed just months before election date.

### **The new law on long-term care**

Another challenge is the care for older elderly people, both in the domain of health care and social care. The aging of the population also adds an increasing financial, social and personal obligation for the children or other

relatives of the aging parents, which in perspective could mean that this care could become more and more difficult to provide, especially when the social benefits the elderly people themselves receive would start decreasing. Long-term care encompasses a set of different services needed by people with impaired physical or cognitive abilities in order to be able to perform everyday activities. The law on long-term care is now in public debate and is being coordinated between ministries.

At the moment almost one half of the resources for the long-term care is provided by the Health Insurance Institute of Slovenia (ZZZS), whose budget was seriously stretched in the years of economic crisis 2008 and onwards. So a long term financing solution is needed also in accordance with the reform of health system, which is also in public debate. The main changes can be summed up as:

- Integration of the system of long-term care: one unified evaluation system for all types of long-term care (assistance at home, in institutions, daily centers etc.)
- Support of non-formal or non-institutional care-givers, which could be paid from a monetary equivalent of the long-term care assistance; a possibility of providing for a permanent family assistant.
- Emphasis on prevention: financing of services to prolong independence (financing ICT services and e-care), system of home-visits by interdisciplinary teams.

All these changes are actually only possible if the main premise of the law proposal is also agreed upon and the passing of the law will greatly rely on this presumption. The financial sources for the new system of services are meant to be raised by combining and unifying several pre-existing resources and systems, both in social care and health care. This might also present the biggest problem of this otherwise well designed law proposal, because the reform of healthcare, being seen by the existing structures within the health system as posing a threat has not been successfully introduced by any of the consecutive ministers for

health in the previous governments. Without the necessary consent on the reformed health legislation the new law on long-term care might also have to wait until the new government term.