Mapping National Reforms in the European Semester:

An analysis of the Country Specific Recommendations related to pensions and healthcare systems as well as their implementation at the national level

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European Association of Paritarian Institutions- AEIP

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Introduction

The current analysis of the AEIP has a twofold aim: first, it is set to provide a comprehensive mapping of the Commission's recommendations and their implementation across time and space. And secondly, it aims to give a concise picture of the reforms which took place at the national level as well as to provide a sound basis for a broad comparative exercise among the eight countries under study. This analysis is highly relevant to the work of AEIP, as an organization which focuses on the developments regarding coordinated retirement schemes, occupational pensions and healthcare schemes. The scope of the analysis extends to eleven EU member states, chosen due to the participation of relevant organizations in the working groups of AEIP. In order to give a comprehensive picture on pension and healthcare reforms over a period of eight years, the paper adopts a mixed methodological approach. From a quasi-quantitative perspective, the two tables lay out all the Country Specific Recommendations (CSRs) on pensions and healthcare for the period 2011-2018 and track their implementation. As a result, these tables are relevant to all the member organizations that sit on the AEIP's Working Groups. In addition, the qualitative part of the paper gives a brief description of the national reforms enacted for the eight countries which compose AEIP's working group on pensions as well as for the five countries which are part of the working group on healthcare. Through these short but concise country profiles, the current study provides a first good overview of the direction of the CSRs as together with the relevant national measures. Particularly regarding pensions, we have focused on the system's financial sustainability and future adequacy. As it can be seen in the concluding section, the paper is a good opportunity to make a constructed comparison of the different challenges and common needs among several EU members states, and not to merely list the recommendations addressed by the European Commission. Overall, the added value of the study lies on its ability to bring up a more systematic analysis when describing and comparing the recent developments in various EU welfare systems.

Measuring but also providing a causal explanation for the implementation of the various CSRs is a most difficult task for a number of reasons. For a start, it is not adequately clear whether the recommendations are legally binding: in fact, there is an ongoing debate among academics, policy-makers and policy analysts in think-tanks as to what extent do member states implement the CSRs of the European Commission. Even in cases where national progress has been made, it is questioned whether this happened due to legally binding regulations or because of peer pressure or the fear of imminent sanctions. In addition, social security reforms, which lie in the heart of a country's political economy, usually take many years to unravel, involving a big number of actors, from national governments and parliamentarians to social partners and scientific committees. To name but a few, the cases of Belgium and Finland (as we shall see in part two) make it evident that reforms have to be agreed, designed and eventually implemented over the course of several years. Furthermore, despite the common challenges that EU countries face -for example, demographic changes or a stable increase in life expectancy- we cannot deny the existence of historically explained specificities in each country's social security system. With the aim to underline the differentiated development of the social security systems under study, the paper devotes its qualitative part to briefly analysing the reforms adopted during the last seven years, in accordance with the CSRs. In order to provide a fairly harmonized analysis capable of presenting a clear picture of the situation, the Country Specific Recommendations and Country Reports of the European Commission are the primary sources used. As regards the second table of part one, this has been reconstructed following the official categorization of the European Commission. This means that if the European Commission deemed that the progress of a member state in implementing a given CSR was partial or substantial, this is reflected in the table.

Part One: Tables of Analysis

Table 1. CSRs for the period 2011-2018

Country	Policies	2011	2012	2013	2014	2015	2016	2017	2018
Austria	Increase of statutory or/and effective retirement age (including restricting early retirement and linking retirement age with life expectancy)								
	Sustainability of the healthcare system and/or the long-term care services					---			
Belgium	Increase of statutory or/and effective retirement age (including restricting early retirement and linking retirement age with life expectancy)						---	---	
	Sustainability of the healthcare system and/or the long-term care services	---				---	---	---	
Finland	Increase of statutory or/and effective retirement age (including restricting early retirement and linking retirement age with life expectancy)						---	---	---
	Sustainability of the healthcare system and/or the long-term care services	---	---						
France	Sustainability and adequacy of the pension system Complementary pensions schemes						---	---	
	Sustainability of the healthcare system and/or the long-term care services		---				---	---	---
Germany	Sustainability of the public pension system (including increased coverage in 2nd and 3rd pillar)	---	---	---				---	
	Sustainability of the healthcare system and/or the long-term care services					---	---	---	---
Italy	Reduce the share of pensions in public spending to create space for other social spending	---	---	---	---	---	---	---	
	Sustainability of the healthcare system and/or the long-term care services	---	---	---	---	---	---	---	---

Luxembourg	Increase of statutory or/and effective retirement age (including restricting early retirement and linking retirement age with life expectancy)								
	Sustainability of the healthcare system and/or the long-term care services	---	---	---	---	---	---	---	---
Spain	Increase of statutory or/and effective retirement age (including restricting early retirement and linking retirement age with life expectancy)				---	---	---	---	---
	Sustainability of the healthcare system and/or the long-term care services	---	---				---	---	---
Romania	Equalize pension age for men and women	AsPr	AsPr						---
	Sustainability of the healthcare system and/or the long-term care services	AsPr	AsPr		---				
Ireland	Increase of statutory or/and effective retirement age (including restricting early retirement and linking retirement age with life expectancy)	MoU	MoU	MoU	---	---	---	---	---
	Sustainability of the healthcare system and/or the long-term care services	MoU	MoU	MoU					
Netherlands	Increase of statutory or/and effective retirement age and adjustment of the second pillar of the pension system			*	*	*	*	*	*
	Sustainability of the healthcare system and/or the long-term care services	---	---			---	---	---	---

CSRs on pensions

CSRs on healthcare

Abbreviations:

MoU refers to the 'Memorandum of Understanding' or 'Economic Adjustment Programme', which Ireland signed on 16 December 2010 with the European Commission, the European Central Bank and the International Monetary Fund. The country exited the programme on 15 December 2013.

AsPr refers to the 'Balance of Payments Assistance Programme' to which Romania was under during the period 2009-2011. This financial assistance programme was followed by two additional, one during 2011-2013 and one during 2013-2015, nevertheless these were seen as precautionary and no disbursements were made. All these programmes, were jointly coordinated by the EU and the International Monetary Fund, with the support of the World Bank.

During the period for which the countries are under these two programmes (MoU and AsPr) the European Semester does not apply.

Table 2. Implementation of the CSRs during the period 2012-2018

Country	Policies	2011		2012		2013		2014		2015		2016		2017		2018
Austria	Pension sustainability		PI		PI		SP		SP**		SP		LP		NP	
	Healthcare system and long-term care services		PI		SP		SP		SP	---	---		SP		SP	
Belgium	Pension sustainability		PI		SP		SP		SbP		SP	---	---	---	---	
	Healthcare system and long-term care services	---	---		SP		NP		SbP	---	---	---	---	---	---	
Finland	Pension sustainability		PI		SP*		SP		SP		SbP	---	---	---	---	---
	Healthcare system and long-term care services	---	---	---	---		SP		SP		LP		SP		LP	
France	Pension sustainability		PI		SP		SP		NP	*	SP	---	---	---	---	
	Healthcare system and long-term care services		PI	---	---		LP		LP		SP	---	---	---	---	---
Germany	Pension sustainability	---	---	---	---	---	--		NP		LP		LP	---	---	
	Healthcare system and long-term care services		PI		LP		LP		SP	---	---	---	---	---	---	---
Italy	Pension sustainability	---	---	---	---	---	---	---	---	---	---	---	---		SP	
	Healthcare system and long-term care services	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Luxembourg	Pension sustainability		LP		LP		LP		LP		LP		LP		LP	
	Healthcare system and long-term care services	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Spain	Pension sustainability		PI		SP		SbP	---	---	---	---	---	---	---	---	---
	Healthcare system and long-term care services	---	---	---	---		SP		SP		LP	---	---	---	---	---
Romania****	Pension sustainability	AsPr	---	AsPr	---		LP		LP		NP		NP		LP	---

	Healthcare system and long-term care services	AsPr	---	AsPr	---		SP/LP	---	---	---	---		SP/ LP		LP	
Ireland	Pension sustainability	MoU	---	MoU	--	MoU	---	---	---	---	---	---	---	---	---	---
	Healthcare system and long-term care services															
Netherlands	Pension sustainability and adjustment of 2nd pillar		PI		PI	*	SP***	*	SbP	*	LP	*	LP	*	NP	*
	Healthcare system and long-term care services	---	---	---	---		SP		SP	---	---	---	---	---	---	---

CSRs on pensions

CSRs on healthcare

Abbreviations and symbols:

PI: Partial Implementation, **SP**: Some progress, **LP**: Limited Progress, **NP**: No Progress, **SbP**: Substantial Progress

* refers (also) to the second pillar

** For 2014 Austria there has been substantial progress in restricting access to early retirement but no progress has been made towards equalising the retirement age for women's and men.

*** For 2013 NL there has been substantial progress for the increase of retirement age but some progress for the second pillar

**** Romania received in 2018 a CSR on social dialogue that stated as follows: ´Strengthen targeted activation policies and integrated public services, focusing on those furthest away from the labour market. Adopt legislation equalising the pension age for men and women. Establish a transparent mechanism for minimum wage-setting, in consultation with social partners´. Romania has made limited progress in addressing this CSR.

Part Two

Section 1

The European Semester and pension reforms

The European Semester is an important instrument of EU governance and since the launch of its first cycle in 2011 it has been the cornerstone of EU socio-economic policy coordination. It brings together, in a single set of recommendations, the integrated goals referring to budgetary, economic, employment and social issues. As regards pensions in particular, the Semester plays a prominent role since this policy domain lies at the heart of national social systems and at the same time holds a clear budgetary aspect, which makes it directly relevant to certain mechanisms of the European Semester. It is not by chance that in several occasions, and especially during the first cycles of the Semester, the recommendations of the Commission on pensions are part of the broader CSR that deals with fiscal consolidation.

Whenever a recommendation is linked directly or indirectly to the Stability and Growth Pact (SGP), which is one of the main components of the European Semester, the pressure for adopting the related reforms is higher, since the SGP is equipped with a preventive and corrective arm to keep the budgetary situation of a country balanced. On the one side, the corrective arm of the SGP refers to the Excessive Deficit Procedure (EDP), which is activated when a member state breaches the 3% of GDP threshold for deficit, and the 60% of GDP threshold for debt. Hence, if the European Commission first recommends it and then the Council of the EU decides that a country is under excessive deficit, it is possible that financial sanctions are imposed. On the other side, the Medium-Term Budgetary Objectives (MTOs) are part of the preventive arm of the SGP, comprising fiscal goals set to guarantee a reliable adjustment rate of public finances. Given how these mechanisms work, a pension reform can automatically send a signal of sound budgetary policies and thus give more fiscal leeway to member states. From that perspective, it is very likely that national governments feel the pressure to implement the CSRs referring to pensions.

Country Profiles focusing on pensions

The following section focuses on the eight countries where the members of Commission I & II are based. In particular, it provides a concise analysis of the CSRs together with the national reforms that took place from 2011 to 2018. Additionally, the section addresses each country's particularities and makes a more extensive reference to the issue of financial sustainability of the pension system. Pension adequacy is mentioned as well, but given the limited attention that the topic has received until recently in the European Semester, less space has been given for its analysis.

Belgium: Since the first cycles of the European Semester, the CSRs to Belgium explicitly addressed the statutory and effective retirement age, while underlining the importance of such reforms for the future sustainability of the pension system. Belgian reforms on pensions happened in two consecutive phases. The first took place in the end of 2011, tackling early-exit possibilities and promoting the effective retirement age. At the same time, the Belgian government took additional measures to support active-ageing, including the renewal of an existing pension bonus and the promotion of reactivation incentives regarding the pension of survivors. Importantly, incentives were introduced in order for older workers to stay in the labour market past their legal retirement age. The second period of pension reforms started in 2015, when the statutory retirement age was set to increase to 66 years in 2025 and 67 in 2030. At the same time, the reform of early retirement age continued. As the Belgian government stated that it considered implementing a points system which would automatically link pensions age with life-expectancy and demographic factors, the Commission did not issue any CSRs on pensions for 2016 and 2017. However, since no progress was made on this during the last years, in 2018 a CSR addressed this point once again.

Finland: Since the beginning of the European Semester, the CSRs on the Finnish pension system addressed two particular issues: the improvement of the employment rate of older workers in the labour market and the alignment of the statutory retirement age to an increase in life expectancy. Both kinds of recommendations have disappeared since 2016, since a significant pension reform took place the same year and entered into force in 2017. At the peak of the sovereign debt crisis, in 2011, the Finnish government and social partners were swift to agree and implement measures on raising the effective retirement age and upgrading labour market skills for the workers. In addition, social partners reached two important agreements: in March 2012, on limiting early retirement, and in September 2014, foreseeing a comprehensive pension reform which would gradually raise the statutory retirement age from 63 to 65 for people born after 1955. Eventually, the agreement stipulated that from 2027 onwards the pension age will be linked automatically to life expectancy. After judging that substantial progress has been made in the field of pensions (see: 2016 Country Report), the European Commission did not issue any further recommendations for the years 2016, 2017 and 2018.

France: The CSRs on pensions that were addressed to France for the period 2011-2015 referred to the financial sustainability of the pension system in a more general way, while making specific reference to the increase of statutory retirement age only once – in 2013. For 2015, the Commission's recommendation mentioned explicitly the financial sustainability of the complementary pension schemes, while most recently the 2018 CSR called for a unification of the rules of the various pension regimes in France. Due to a significant pension reform which took place in 2010 and which among others raised the statutory retirement age from 60 to 62, the country did not experience another deep reform in the following years. In fact, in 2012 the French government decided to go in the opposite direction by reinstating retirement at 60 for specific categories, thus disregarding the Commission's recommendations. Nevertheless, driven by fiscal concerns, a pension reform was adopted in the National Assembly in December 2013, stipulating a rise in the social security contributions as well as the contribution period for the employees of the private sector, from 2020 onwards. In line with the relevant CSR of the Commission, France made "substantial progress" as regards the sustainability of pensions. In October 2015, the national social partners came into an agreement on a package of measures which would enhance the fiscal sustainability of complementary pension schemes Agirc and Arrco, by introducing among other measures a "bonus-malus" scheme for incentivizing workers to postpone their retirement. Despite these reforms, the pension system of France remains complex and fragmented according to the Commission (more than 30 schemes still exist according to the 2017 CSRs), hence the relevant 2018 CSR recommended to progressively unify the different regimes. In that respect, the complementary pension schemes of Agirc and Arrco (set up respectively for the managers and employees of the private sector) are set to merge from the 1st of January 2019 as provided by the agreement of October 2015.

Germany: Until 2014 the country had not received any CSRs regarding its pension system, since the employment rates of workers were sufficiently high, as a result of past reforms. But on 1st July 2014 a new law came into effect, with the aim to improve the conditions of early retirement for specific categories of workers and to give additional pension benefits to parents whose children were born before 1992. Notably, the law made it possible for getting a retirement two years earlier than the statutory retirement age and without any pension reduction. As a result, the Commission expressed its concerns that these reforms would put additional strain on existing social security contributions and recommended in its 2014 CSR to "ensure the sustainability of the public pension system" by reversing these measures. From 2014 to 2016 the CSRs criticized that rates of enrolment in second pillar pensions were too low. In 2017 the German legislator passed new statutory provisions to strengthen occupational pensions, in particular aiming at a higher coverage. Effects must be awaited and evaluated. The CSRs of 2015 and 2016 recommended to "increase incentives for later retirement". Hence, the law on "flexi-pension" ("Flexi-Rente") which came into effect in 2017 introduced a number of measures to improve the transition of older workers into retirement. In that regard, this new law promotes the combination of retirement and part-time work and gives extra incentives to pensioners to partially re-enter partially the labour market. The 2018 CSR on pensions mentions in a more general way the need to promote longer working lives. According to the 2018 Ageing Report, despite the fact that currently fiscal sustainability risks are low, projections show that by 2070 Germany will have one of the highest increases in pension expenditure among the EU member states.

Ireland: The country entered an 'Economic Adjustment Programme' in December 2010, in order to mitigate the recession effects emanating from the strain put on its banking system at the aftermath of the 2008 financial crisis. Along with other measures concerning the labour market, wage adjustment and the bailout of troubled banks, with the Social Welfare and Pensions Act of 2011 the government raised the statutory retirement age from 66 to 67 in 2021 and to 68 in 2028. As it can also be seen in the tables, Ireland did not receive any recommendations on pensions even after the end of its adjustment programme in 2013, indicating that the measures are considered acceptable to cope with the sustainability and adequacy of the pension system. Most recently, the recital of the 2018 CSRs mentioned that "the overall pension system deficit is expected to grow significantly in the long term" (according to the 2018 Ageing Report from 5.0% of GDP in 2016 to 6.6% of GDP in 2070) adding however that "a timely implementation of the presented roadmap for pension reform" is important to guarantee the system's sustainability. After a debate of nearly a year, the government announced in February 2018 its intention to introduce an auto-enrolment system for workplace pension funds from 2022, so for the moment it remains to be seen whether this will be implemented eventually.

Italy: Italy is the country with the lowest number of CSRs on pensions among the countries under study, receiving recommendations only in 2017 and in 2018. These recommendations refer to the reduction of old-age pensions as a share of public spending, in order "to create space for other social spending" (see: 2018 CSRs). The reason why Italy has received so few CSRs on pensions has probably to do with a comprehensive reform (the so-called 'Fornero reform') that took place in December 2011 and raised the statutory retirement age. Particularly for women, the law increased the pensionable age to 66 years for those working in the public sector and for 62 years for private sector employees (the age was progressively increased to 66 by 2018 also for the self-employed). Under this new system, the pensionable age is updated automatically and periodically (every two years after 2021) in line with life expectancy. As a result, the statutory retirement age is set to reach 67 years old in 2021. Despite this, the 2018 CSRs mention in their recital that "both the 2017 and 2018 budgets contained provisions that partially reversed" the Fornero reform.

Luxembourg: Since the beginning of the Semester, the country has been receiving CSRs every single year referring to the "long-term sustainability of the pension system" and to curbing the "age-related expenditure". In turn, these CSRs go into two directions: on the one side, they recommend to improve the participation rate of older workers, including measures to reduce early retirement, and on the other side, to link the statutory retirement age to life expectancy. Although several new measures have been adopted over the years at the national level, the Commission still does not deem them sufficient to cope with the country's situation: according to the 2018 Ageing Report, the country will have the highest increase in projected ageing costs by 2070, reaching a level of 30% of its GDP. Despite the recommendations of the Commission, a few reforms have been implemented over the years. Most notably, a pension reform was adopted in December 2012, with the aim to encourage the combination of an early pension with part-time work, as well as to set limits in the automatic adjustment of pensions. In addition, a law on reclassification of workers with disabilities was adopted in 2015, while a working group on pensions was established in April 2016 with the mandate to complete a sustainability analysis of Luxembourg's pension system.

The Netherlands: The relevant CSRs to the Netherlands addressed multiple aspects of a pension reform, most notably on the increase of statutory retirement age and effective retirement age. Already in its 2011 and 2012 recommendations, the Commission asked to increase the statutory retirement age, to automatically link pensions to life expectancy but also take up labour market reforms and adjustments in the second pension pillar, as additional supportive measures. At the peak of the sovereign debt crisis in September 2011, the Dutch government and social partners reached an agreement on a comprehensive pension reform, increasing the statutory retirement age (of the first pillar) to 66 in 2019 and 67 in 2023. But in 2015 the provisions of this agreement have been "speeded up", leading to a rise of the statutory retirement age to 66 in 2018 and 67 in 2021. Notably, after 2024 the pension age is set to be calculated in an annual basis depending the projected life expectancy. Likewise, the pensionable age for second pillar pensions was adjusted in 2013 from 57 to 63 years and the financial supervision and solvency buffer of pension funds was strengthened. Since then it has been further increased and currently stands at 68 years. Since 2013 the CSRs on pensions have primarily focused on the second pillar of the pension system, and in particularly on "ensuring an appropriate intra- and inter-generational division of costs and risks" (see: CSRs 2014). As a response, in its 'Perspectives Memorandum' the Dutch government announced its aim to substantially reform the second pillar of pensions for more transparency and actuarial fairness. Towards that goal, in October 2017, the new Dutch government announced its proposal to change the design plan of occupational pensions and encourage pension funds to shift from defined benefits (DB) to defined contribution (DC) arrangements by 2020. More recently, social partners and the government have been negotiating a broad reform of the pension system, covering both the first and second pillar. The negotiations have failed on the 20th of November. As for now, it is unclear if and how the process will be continued.

Conclusions- Analysis on pensions

The current analysis on these eight countries shows that the financial strain on the pension systems has been a generalized phenomenon after 2011. Since the sovereign debt crisis exerted significant pressure to the public finances of member states, the need to enhance the sustainability of the pension system was more evident during the first cycles of the Semester. In that regard, pension and healthcare system reforms were seen as key sectors, whose restructuring could have a major fiscal impact and improve the national deficit and debt projections.

One can understand this when also looking at the two quasi-quantitative tables of part one, in which seven out of eleven countries received recommendations regarding the financial sustainability of the pension system. Germany and Italy did not receive any CSRs on pensions, at least for the first years, since the former had significant budgetary surpluses and the latter had already passed a comprehensive reform in December 2011.

From the side of the European Commission, it is evident that two kinds of recommendations have been repeatedly put forward: on the one side, a most common CSR has been the increase of the statutory retirement age, best achieved through the automatic linkage of the pensionable age with life expectancy. On the other hand, a large part of the CSRs on pensions have focused on increasing the effective retirement age through active ageing measures, designed to keep or reintegrate older workers in the labour market.

But there are also a few CSRs that address specific problems embedded in the national contexts. For example, the 2018 CSR to Italy recommend to "reduce the share of old-age pensions in public spending to create space for other social spending". In the same vein, the various CSRs to Romania focus on the equalization of the pensionable age for men and women. Finally, since 2013 the Netherlands have received CSRs concerning the sustainability and "appropriate intra- and –intergenerational division of costs and risks" of its occupational pensions system.

Contrary to fiscal sustainability, which is constantly present in the CSRs, the terms "adequacy" or "adequate" are mentioned only but a few times: in the 2011 CSRs to Austria and in the 2012 CSRs to France and Austria. Additionally, the recital in the CSRs to Romania of 2013, 2014 and 2017 as well as the 2017 CSRs to Germany mention the issue of adequacy. However, with the publication of the 2018 Pension Adequacy Report, representatives of DG EMPL have pointed out that during the last years the word is mentioned more often (for example in 2018 CSRs the word "adequacy" came up seven times, a number which is clearly higher than past cycles).

As regards the focus on complementary pensions and the second pillar, it seems that only France, Germany and the Netherlands received relevant CSRs. Nevertheless, by dedicating a whole chapter to supplementary pensions, the 2018 Pension Adequacy Report gave the issue more prominence. The future cycles of the European Semester could extend the recommendations referring to the second pensions pillar to other EU countries as well, highlighting its potentially significant contribution to the improvement of the system's sustainability and adequacy.

The reform measures adopted in the member states under study, which are perceived as aligned to the Commission's recommendations, vary significantly. Certain member states have been more proactive in following the CSRs (e.g. the Netherlands or Finland) while others seem less keen on pushing for substantial reforms (e.g. Luxembourg or Germany). To some extent, a more proactive stance can be correlated with the fiscal situation of a country meaning that if a country is doing well, as it is with the case of Luxembourg and Germany, then the pressure exerted by the European Commission may be less effective. On the contrary, if a country needs to promptly improve its fiscal projections, as it happened with France in 2013, then there are more incentives to implement national reforms. Besides this, as it has already been mentioned in the introductory section and shown in the second part, pension reforms generally take time to be designed, agreed and implemented.

Despite the different national approaches, it is obvious that a big number of the countries under study came up with similar policy responses to cope with the problems related to the sustainability of the pension system. From that perspective, it is encouraging that six out of eight countries have increased their statutory retirement age since 2010 (Belgium, Finland, France, Italy the Netherlands and Ireland). Likewise, the increase of the effective retirement age has been addressed by almost all member states, through a plethora of different measures aiming at keeping older workers longer in the labour market. The rise of early retirement age in Belgium and the active ageing measures of the last years in the Netherlands and Finland are a few good examples.

Finally, when addressing the long-term financial sustainability of pensions, we observe several variations. Among the countries under study, Luxembourg and Germany take the first places in pension expenditure increase for the next 52 years. According to the baseline scenario of the 2018 Ageing Report, the projected pension expenses for Luxembourg are expected to rise from 9.0% of GDP in 2016 to 17.9% of GDP in 2070. Similarly, the expenses on pensions for Germany are expected to rise from 10.1% of GDP in 2016 to 12.5% of GDP spending in 2070. For the rest of the countries, a rise of 4-6% is foreseen for the period 2016-2017: in Belgium from 5.9% in 2016 to 6.3% of GDP spending, for Finland from 13.4% in 2016 to 13.9% of GDP spending, for The Netherlands from 7.3% in 2016 to 7.9% of GDP spending and for France from 7.9% in 2016 to 8.3% of GDP spending. Italy is an outlier, since not only the pension expenses do not increase, but on the contrary show a sharp decrease: from 15.6% in 2016 to 13.9% of GDP spending in 2070. However, the country's position seems less of an outlier when taking into consideration that around the year 2045 its pension-related expenditure is projected to peak at 19% of GDP.

The current mapping exercise as well as its conclusions could serve as a first overview to the different challenges and common problems that each country under study faces. Having this paper as a starting point, future analyses could go into more detail and take this structured comparison further by providing insights on how and why national actors manage to pass pension reforms. These kind of studies could serve as a sound basis for an open dialogue and a catalyst for the exchange of best practices between member states which face the same challenges in terms of financial sustainability and adequacy of their pensions.

Section 2

The European Semester and healthcare and long-term care reforms

Country Profiles focusing on healthcare and long-term care

France: The French health system performs well in a European perspective. One aspect of its effectiveness is the high life expectancy of the country (82.3 years in 2015, which is one of the highest in the EU). But despite the relatively well- functioning of the French healthcare systems, still the healthcare expenditure is high among EU countries.

The total percentage of expenditure on prevention in France (1.9%) is lower than the European average (3%). So an increase on the healthcare costs might have to do also with low spending on prevention, which includes for example low vaccination levels for preventable diseases or prevalence of risky behaviour, such as consumption of alcohol and tobacco.

To begin with, it should be underlined that several improvements have been done over the years: for example, in access to health insurance for those most vulnerable, in hospital efficiency, or better data collection and monitoring and better control of pharmaceutical expenditure, greater use of primary care but also improvements in care coordination from primary to secondary care.

France received the Commission's CSRs on its healthcare system for the years 2011, 2013, 2014 and 2015. The first three cycles the recommendations focused on its fiscal aspect, making reference to the improvement of the system's cost-effectiveness and the containment of healthcare spending. However, in 2015 the Commission focused on a different aspect of healthcare, recommending that France removes "unjustified restrictions on access to and the exercise of regulated professions". During the first cycles of the European Semester, according to the Commission, few reforms were put in place in order to tackle the broader issue of the fiscal sustainability of the social system. Nevertheless, after 2015 "a range of key reforms has been implemented…to keep healthcare expenditure under control" (2017 Country Report). In particular, these reforms focused primarily on the efficiency of hospital services as well as on the easier collection of data and the tracking of pharmaceutical costs. Notably, the French government introduced the norm of `Objectif National de Dépenses d'Assurance Maladie', as a means to regulate and contain the expenses on healthcare on an annual basis The 2017 Country Report concludes that "the French health system performs well in a European perspective", so the lack of a relevant CSR for the year 2018 could be taken as a sign that the country has moved to the same direction as the recommended reforms.

Italy: The country has not received any recommendations on healthcare services during the period 2011-2018. As the recital of the 2018 CSR explains: "Italy's health care system provides universal coverage and the health of the population is good overall" adding that "Italy has made some efforts to ensure appropriate access to health care, including by revising and expanding the minimum statutory benefit package of care services".

Health outcomes and quality of care are generally good. Life expectancy indicators are above the EU average which leads to the conclusion that Italian healthcare system is performing well and at the same time is cost-effective, probably due to the fact that health expenditure -although increasing- is still below the EU average. However, interregional inequities persist while income-related disparities in access to care seem to be rising. Necessary medical examination is not provided to all the population and the numbers of people reporting that they cannot afford basic medical tests has also been rising (for example from 5.1 % in 2011 to 6.2 % in 2014)[1]. At the same time, the proportion of people reporting that they did not take a necessary medical examination because of excessive waiting lists is above the EU average.

The Netherlands: The Netherlands has received CSRs related to its healthcare system in 2013 and 2014. In 2013 the recommendation focused on "implementing the planned reform of the long-term care system to ensure its cost-effectiveness and complement it with further measures to contain the increase in costs, with a view to ensure sustainability". In 2014 the recommendation mentioned additionally that the Dutch government should "ensure fair access and the quality of services and monitor its effects". According to the European Commission, some progress was made on reforming the long-term care system over the years. The Dutch government has taken considerable measures on decentralising long-term care for achieving more efficiency and providing tailor-made support. The reform shifted responsibilities from the central state partly to municipalities and partly to health insurers, with a view to getting people to make greater use of informal care. At the time of this report's writing, the parliament is negotiating the proposed legislation.

Finland: The country has received CSRs on its healthcare system and long-term care services every year since 2013. The recommendations are focused on "ensuring the cost-effectiveness of healthcare services and sustainability of long-term care and put a stronger focus on prevention, rehabilitation and independent living". As a response, some progress has been made over the years on the adoption and implementation of the social and healthcare reform. The reform [2]has been undertaken in order to ensure continued access to services of good quality while ensuring the long-term sustainability of public finances. The Finish government has prepared the first half of the draft legislation that is needed for the reform to take effect from 2019. However, the Commission's 2018 country report states that limited progress has been made in ensuring the adoption and implementation of the social and health

[1] Country Report Italy 2017 p.46
[2] 2017

care reform. The government has presented large parts of the draft legislation on the reform of the social and healthcare services in the Parliament. Nevertheless, the formal adoption of the reform has not taken place yet and the year in which the reform's effects will start has been postponed to January 2020. Apart from that, the 'Freedom of Choice' legislation was subject to a second public consultation round which finished in the end of 2017. The government's proposal is expected to be presented in the Parliament during the first half of 2018 and to enter into force on January 2020.

Germany: The country received CSRs related to healthcare and long-term care from 2011 to 2014. The recommendations referred to the enhancement of the efficiency of public spending on healthcare and long-term care, through better integration of care delivery and a stronger focus on prevention and rehabilitation and independent living. For the first cycles of the European Semester, limited progress has been made on enhancing the cost-effectiveness of public spending on healthcare and long-term care. However, in 2014 the Commission assessed that some progress has been observed on these issues. This happened as a result of a several initiatives which took place at the national level: First of all, an independent Institute for Quality Control and Transparency in Healthcare was set up in the same year while the main features of a hospital care reform outlined. But also, the use of out-patient benefits[i] and services in long-term care have been promoted.

Conclusions- Analysis on healthcare

Prima facie, the preliminary findings of this paper show a heterogeneous picture as regards the CSRs received as well as the responses of each member state. The frequency in which MS receive their recommendations related to healthcare and long-term care has to do with the specific circumstances present in each national context. In particular, there is no clear pattern of synchronization as regards the timing in which the countries under study received recommendations; instead, there is wide variation between them. From the eleven countries under study, three (Italy, Luxembourg and Ireland) did not receive any CSRs on healthcare and/or long-term care. As regards the rest, Austria, Finland and Romania have received the most over the past years (seven for the first one and five for the other two). The rest of the countries usually count three to four recommendations each for the period 2011-2018, while then Netherlands has received only two CSRs (one in 2013 and one in 2014). In that sense, we can observe nuances on whether an issue has been flagged important for advancing national reforms in accordance with the framing of the European Commission and the EU Council.

The vast majority of recommendations has focused on the financial sustainability aspect and the need to monitor the increase of costs in the healthcare sector. For example, in the case of the Netherlands the recommendations relate to the implementation of long-term care system reforms in a cost-effectiveness manner but also to other measures in order to contain costs and ensure its sustainability.

The reformatory work of the EU countries has been visible, with a general effort to pass measures which go at the same direction with the CSRs. For instance, the Finish government is putting reforms in place in order to ensure access and good quality of the health services. In addition, France took key reforms in 2015 regarding the control of the health expenditure maintaining the efficiency of the health system.

[i] Out-patient benefits refer to the benefits related to hospital visits which are less than 24 hours. As a result, outpatients are not required to spend the night in the hospital, which distinguishes them from inpatients.