



Annual National Report 2012

Pensions, Health Care and Long-term Care

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1 Executive Summary

The last year has witnessed many relevant changes in the Italian Welfare State.

In the field of pensions the second half of 2011 has been characterized by an intense debate (par. 2.2.2) on austerity measures “imposed” by exogenous pressures mostly stemming from the interplay of financial market crisis and EU rules on public finance in light of the high Italian public debt, a public deficit persistently above the 3% threshold and continuous slow growth of the domestic economy since a decade. Limited cost containment interventions on the public pension pillar were included already in the austerity package adopted by the Berlusconi government in early-summer 2011. Later they were much reinforced with the adoption of the so called “Save Italy Decree” in December 2011 by the technocratic Monti government (par. 2.2.1) following an unprecedented intervention of the European Central Bank in the domestic policy-making (par. 2.2.3). Legislated measures have aimed at reducing pension expenditure in the short-medium term (par. 2.2.4), by accelerating the phasing-in of the NDC system introduced in 1995 and tightening eligibility conditions for both old age pensions and early retirement. Accordingly, a further reduction of public pension expenditure (still high in 2010, around 15.3% on GDP) is expected in the period 2012-2027. While positive for financial and economic sustainability, subsequent retrenchment interventions may pose adequacy – as well as equity - problems in the short and especially in the long run, especially considering the design of the Italian pension system (based on NDC plus DC pensions), the limited development of supplementary pillars in the last four years and interactions with the labour market structure and employment policies (see discussion, par. 2.2.5).

In comparison to the previous year Report, since 2011 there have been relevant changes in the Italian health care system (NHS), not with regard to coverage and benefit package, but in terms of co-payments, public expenditure and competition (in the drugs distribution area), especially looking at the decisions which will affect the NHS in the near future (par. 2.3.1). Looking at reforms carried out between January 2011 and mid-February 2012, one can notice they mainly (and almost) only focus on the issue of the financing of the NHS, especially reducing expenditure. Three main interventions can be noticed: improvement in NHS expenditure efficiency; expenditure cuts; increased competition in the drugs and pharmaceutical distribution market. In terms of political debate and health care the main issue, apart from financing, on which the debate has focused in the last months, is about the role of health professions in the NHS (par. 2.3.2). In particular during these months the Parliament is discussing a law on “clinical governance” (the first articles of this potential new laws have been approved by the Parliament Committee on Social Affairs), which tries to reshape the way decisions are made at the local level. The debate on the OMC in the field of health care has not had any relevant apparent impact (par. 2.3.3). As in pensions, the EU was relevant in terms of rules on public finance in light of the high Italian public debt. Three main problems seem to put the formal universal coverage by the NHS at risk (par. 2.3.4 and 2.3.5): territorial inequalities; income inequalities in the access to services; the functioning of integrated social care and health care and the more general issue of LTC. The recent reforms and financial (planned) cuts risk making them even more dramatic in the near future.

In comparison with pensions and health care, legislative production in 2011 was almost absent and mainly related to financial cuts: the recent budget planning laws have deliberated quite relevant expenditure cuts. In particular the state financing of social care and social assistance was totally cut between 2008 and 2012 by 91% (from EUR 2.5 billion in 2008 to EUR 0.2 billion in 2012) (Ires, 2012). Inside this cut, there is also the one to the National Fund for Dependent people (*Fondo Nazionale per la non autosufficienza*), introduced in 2007, whose

total amount was equal to EUR 400 million in 2008 and has been reduced to EUR 0 for 2012. Moreover there is the possibility of major cuts in social care and social assistance, also in relation to LTC: these cuts, if they will happen, might jeopardize the functioning of a good part of LTC system in the future.

2 Current Status, Reforms and the Political and Scientific Discourse during the previous Year (2011 until February 2012)

2.1 Overarching developments

2011 has been a particularly complicated (and, in some respects, dramatic) year for Italy, its economy and its welfare state. Difficulties came both from the political-institutional dimension, as well as the economic one.

Let us start with the first dimension. At the end of 2010 and until November 2011, the Berlusconi government, in power since 2008, had increasingly problems: in November 2010 a part of its MPs (headed by the President of the Chamber, Mr. Gianfranco Fini) moved out of the majority coalition, creating a new political party (“Futuro e Libertà” – FLI – Future and Liberty). In December 2010 the Berlusconi government had a majority of just 3 votes in one of the two branches of Parliament (the Chamber), whereas in the Senate the majority was larger (around 30). In January 2011 some MPs (around 21), previously elected in opposition parties, decided to join formally the Berlusconi government: they were called the “responsables”, given the fact that they claimed that their decision was due to their sense of responsibility toward Italy and its difficult economic situations. Even if the Berlusconi government “survived” at the end of 2010 the split among its coalition, the whole 2011 was marked by this weakness, with political turmoil, conflicts inside the government coalition and increasing tensions. Two elements made the situation even more complicated for the Berlusconi Government. First, in June 2011 four national referenda passed, obtaining a large majority of votes (they were about the stop to new programs toward Nuclear Power, water supply, etc.): one relevant aspect of these referenda was that the Berlusconi government was openly against them and many political observers judged the vote also as a strong sign of citizens’ discontent with the Government. Second, the huge Italian public debt, the low growth forecasts and the weaknesses of the Berlusconi government had a strong and negative impact on the financing of this public debt: in particular the so-called “spread” (the distance between the interests paid by the German National Government and the Italian one in order to obtain funds on the financial market to sustain the public debt) increased steadily during 2011 reaching skyrocketing figures in autumn 2011: this “spread” reached in some of the most dramatic days a level around 5-6% (interests requested by investors to finance the Italian debt were 5-6% points higher than the ones requested for the Germany debt).

All these elements made Berlusconi resign in November 2011 and a new “experts” Government, headed by Mario Monti was created. The new government has, at the same time, a strong and weak basis. It has the support of a vast majority of MPs from previous opposition and government parties (around 80%-90% of the total MPs), but its path is complicated by the economic crisis, the difficult and often unpopular decisions it has to make and the continuous frictions among new political allies (but former opponents).

Moving to the economic dimensions, in 2011, the global crisis had a dramatic impact on Italian financial and economic structures. If, on the one hand, the financial crisis had been less disruptive than in other advanced economies, on the other hand, the economic shock had a dramatic impact by reinforcing an already critical situation. In 2001-2011 (data on 2011 is a

forecast), the average GDP growth was 0.7% in Italy - compared to 1.5% in EU-15. In 2008, the fall of the Italian GDP was -1.2%, then -5.1% in 2009, it improved to 1.5% in 2010, but then it got weaker again in 2011 (0.5%).

Also, the crisis has put a break to some positive trends registered in the labour market over the past decade and the situation is worsening (Table 1).

Table 1: Main labour market indicators, Italy 1992-2011

	1992	1995	1998	2001	2004	2007	2009	2011**
Employment rate	52.3	51.2	52.2	54.9	57.4	58.7	57.5	56.9
Unemployment rate	11.7	11.7	11.9	9.6	8.1	6.2	7.9	8.4
Female employment rate	36.5	35.4	37.3	41.1	45.2	46.6	46.4	46.5
Long-term unemployed*	58.2	62.7	60.4	63.7	46.2	45.5	42.0	52.2

* (for more than 1 year) % of total unemployment

** *Provisorial data from Istat*

Source: ISTAT online employment database

The employment rate (15-64) declined, passing from 58.7% in 2008 to 56.9%, while unemployment increased from 6.2% in 2007 to 8.4% during 2011 (and it reached 9.2% in January 2012) – with significant variations according to age (unemployment rate was 29.0% for those aged 15-24 in 2011) and geographical areas (unemployment around 14% in the South vs. 6.2% in the North). This is especially critical in the light of the weaknesses of the Italian unemployment protection system on the side of both ALMPs and cash benefits. As to the former, since 2004 the expansionary trend of expenditure on ALMPs came to an abrupt halt and has subsequently been reversed: in 2011, Italy devoted only 0.5% of GDP to ALMPs.

Committed to sound fiscal rigour, the fourth cabinet led by S. Berlusconi had refused to exploit the severe recession in order to put forward an encompassing reform of the unemployment protection system. The government had in fact favoured a strategy that relies on existing programmes to tackle the social consequences of the employment crisis. More precisely, this approach aimed to allow firms to reduce the employed labour force temporarily without definitive dismissal while compensating workers in case of working time reduction. This has been pursued through two measures: the extension of wage replacement benefit schemes (CIGO and CIGS¹) to sectors/firms not covered, and the extension of unemployment benefits to cover temporary suspension from work. The new Monti government seems very keen to reform the labour market legislation and discussions with social partner are ongoing. The debate and the choices of the actual government seem to be oriented around three issues: an increase in “exit” flexibility (easing for enterprises to fire employees), an increase in helping flexible workers to remain in the labour market; a deep change in the unemployment measures (adopting a more European-like approach based on spread and universal coverage unemployment benefits). Nothing has been decided and agreed so far, even if the Government says that a reform will be on the table by the end of March 2012.

This complex situation both in political-institutional as well as economic terms had a serious impact on social policies. We can detect three major impacts:

1. a deep and relevant policy change (in terms of retrenchment) in the pensions system;
2. a concentration of the debate in other welfare fields mainly around economic issues (how to save public resources increasing efficiency and, possibly, financial cuts);
3. a “freezing” of any serious debate on other issues related to the Italian welfare state (universalism, quality, access, citizens’ rights, etc.); the economic and public debt crisis on one side, the political turmoil on the other, hindered any relevant attempt to discuss

¹ Cassa integrazione guadagni ordinaria and Cassa integrazione guadagni straordinaria.

on how to improve efficacy, quality and performance on the Italian Welfare; parties and governments were too focused on other (economic and political issues).

In light of the very high level of public debt (around 120% in 2011) and the increase of deficit levels (3.9% in 2011), the last two governments (Berlusconi and Monti) have pursued fiscal stability and prompted the consolidation of the state budget in order to progressively reduce the deficit level. The cost containment interventions adopted in 2011 in the field of pensions, and those foreseen in health care and LTC (*cf. infra* section 2.2, 2.3 and 2.4) should contribute significantly to reach the targets. However, in order to achieve these goals, the traditional deficiencies of both the Italian economy and labour market must be addressed: measures must be adopted with the aim to improve competitiveness; relaunch economic development and employment in the southern regions, as well as support stronger inclusion of women in the labour market through reconciliation and active labour market policies. 2011 was mainly a year when cuts and welfare state “retrenchment” was on the agenda: even if there were discussions about “recalibration” (how to rebalance social protection in order to contain expenditure in some sectors, while expanding others – in particular reconciliation, labour market, and social assistance policies) nothing notable from this point of view was achieved.

2.2 Pensions

2.2.1 The system’s characteristics and reforms

Since the major reforms legislated in 1992 and 1995, the Italian pension system has been in **transition** from the traditional single-pillar structure – i.e. centered on public pension provision aimed to provide a high level of income maintenance to the whole workforce plus means-tested “social pensions” for the poor elderly² – **towards a multipillar architecture**.

Alongside the reformed as well as increasingly less generous public pillar, since the early-to-mid 1990s the newly introduced regulatory framework for supplementary pensions has aimed to develop funded pillars mainly relying on tax incentives and the possibility to transfer – voluntarily – contributions (i.e. 6.91% of gross wage) for the pre-existing severance pay (so called “TFR”) to pension funds. For workers entitled to the TFR (private employees³), the latter provision has actually allowed some development of funded pillars in extremely “adverse conditions” (see Jessoula 2011a) - especially after the introduction of a “silent-consent” mechanism (year 2007) for the devolution of TFR contributions to supplementary schemes. Total membership of supplementary funds, however, remains modest, though take-up rates vary a lot in accordance with the economic sector, firm’s size and unionization rates (Jessoula 2012).

The first tier of the public pillar is constituted by the “old age social allowance” (*assegno sociale*)⁴ representing the main solidarity programme. It is tax-financed and paid – after an income test - to poor elderly over 65 years. The yearly amount for 2012 is EUR 5,577, paid in 13 monthly instalments. **The second tier** of the first pillar is PAYGO and provides contributory pensions to those who fulfil contribution requirements. The 1995 reform has introduced a **NDC** system with a long phasing-in period which implies the full application of the new system only to new entrants in the labour market after 31 Dec. 1995 while the vast majority of workers who retired in 1996-2011 received DB pensions calculated with the old and more favourable rules. However, the latest reform adopted in December 2011 has

² Cfr. Ferrera and Jessoula (2007) for details.

³ Public employees are entitled to the TFR since 2001.

⁴ See a graphic representation of the Italian pension system in the Asisp Annual Report 2011, (IAAR 2011) in the following.

shortened the phasing-in period of the NDC system (see par. 2.2.1). Though the system is still fragmented along professional lines, the NDC system applies homogeneously across the six major pension schemes for: private and public employees, the self-employed (3 schemes for farmers, artisans, dealers-shopkeepers) and “atypical” employees hired as “project workers” (*parasubordinati*). Differently from rules for calculating benefits that are greatly standardised, contribution rates vary from 33 per cent of gross earnings for private employees (32.7 per cent for public) to 27.7 per cent for “project workers” and about 20 per cent for the self-employed⁵. These variations have a relevant impact on expected pension levels in future decades for the various professional categories in accordance with the NDC logic.

Eligibility conditions for both old age and seniority pensions have been repeatedly tightened in the last three years and an automatic link with increase in life expectancy has been introduced (see below).

As for **supplementary schemes**, employees in the private sector and those in the public sector employed after 2001 are entitled to the **TFR** when they retire or change their employer; by contrast, project workers (and, obviously, the self-employed) are not entitled to the TFR. As the latter is paid in a lump sum only and not necessarily at retirement, it cannot be properly considered as a supplementary pension scheme, although in past decades it has usually performed old age protection function. However, as mentioned above, *funded pensions* may be chosen as alternatives to the *TFR*. In order to prioritize the former with respect to the latter, and consequently increase supplementary pensions take-up rates among private sector employees, a “silent-consent” mechanism for the transfer of TFR contributions to funded pension schemes has been operating since 2007⁶. There are different types of supplementary pensions: i) “Closed” pension funds (**CPF**) are typical occupational pensions for specific groups of employees (2nd pillar) set up by collective agreements⁷; ii) “Open” pension funds (**OPF**) are hybrid institutions comprising both 2nd and 3rd pillar forms depending on affiliation modes (that is, individual vs. collective)⁸ and, iii) Personal pension plans through life insurance contracts (**PIP**) constitute the 3rd pillar.

While major transformations in the overall architecture of the pension system – i.e. with reference to pillars and tiers - cannot be detected in 2011, rules regarding pension “parameters” (eligibility conditions, benefits, financing, etc...) have been decisively modified by subsequent interventions adopted in the course of the year. The full and detailed illustration of the reform packages legislated in 2011 is beyond the scope of this report: in the following section the most relevant changes will be presented and discussed with particular emphasis on the drastic measures included in Law Decree 201/11 and related Law 214/11.

Recent reforms and trends

Public pillar reforms

As mentioned, reforms enacted in 1992-1995 were crucial for both the design of the new multipillar pension architecture and the introduction of the NDC in lieu of the DB system in the first pillar, but it often included long phasing-in period and exemptions from new rules⁹.

⁵ As effect of the 2011 reform contribution rates for the self-employed will be gradually increased reaching 24% of declared income by 2018.

⁶ See Jessoula (2011a) for details.

⁷ Also so-called “preexisting funds” (PEF) as they were already operative before the introduction of the 1993 regulatory framework are 2nd pillar institutions. However, their role is limited because workers can no more become members of these funds.

⁸ Affiliation to supplementary schemes is, however, always voluntary and individual, even in case of occupational funds set up by collective agreements.

⁹ See Ferrera and Jessoula (2005, 2007); Jessoula and Ferrera (2006).

Against such background, measures adopted in 2009-10 and especially those enacted since May 2011 have mostly aimed at shortening the transition period to the new rules in order to **reduce expenditure in the short-medium term** (see par. 2.2.4). Interventions have mostly regarded eligibility conditions for both old age and seniority pensions as well as the rules to calculate benefits. Same as in the early-to-mid 1990s, recent interventions were included in major “**austerity packages**” propelled by exogenous factors (cfr. par 2.2.3).

Building on measures already included in Law 102/09 and Law 122/10 (see IAAR 2011 for details), Law Decree n. 98 adopted in July 2011 and subsequent **Law Decree 201/11 (December 2011) - then translated into Law 214/11** - introduced major changes mostly aimed at promoting **regulatory harmonization** between genders and across generations and professional categories as well as **raising the retirement age** in the short-medium term by tightening eligibility conditions.

On the first front the 2011 reform has made a major step towards a thorough harmonization of rules across generations by shortening the phasing-in of the NDC system. Since January 2012 the latter will actually be applied pro-rata (that is for working years after 2011) also to previously exempted workers (those with at least 18 years of contributions in 1995).

As for eligibility conditions, Table 2 shows that Law 214/11 - in combination with measures introduced by Law 102/09 and Law 122/10 - will entail a significant increase of the standard pensionable age in accordance with the following criteria: i) gradual **harmonization** of requirements for women employed in the private sector with other categories’ (full harmonization in 2018); ii) progressive and **automatic adjustment of pensionable age to changes in life expectancy** – as of Laws 102/09 and 122/10 – but first adjustment anticipated to 2013 (3-month increase), then adjustment every 3 years until 2019 and every 2 years afterwards; iii) **67 years set as the minimum pensionable age in 2021** (but it could actually be higher in accordance with changes in life expectancy); iv) elimination of the waiting period for receiving pensions (i.e. the “exit window mechanism”, see EC 2010).

Also, other conditions must be fulfilled in order to receive an old age pension. First, a minimum contribution period of 20 years has been introduced. Second, the possibility to retire late (until 70 years) may play an important role in maintaining relatively high replacement rates. Moreover, with respect to adequacy, it is important to emphasize that retirement will be allowed only if the pension amount is at least 1.5 times higher than the old age social allowance (i.e. approximately 635 EUR/month in 2012)¹⁰.

¹⁰ The latter condition does not apply in case of retirement at 70 years.

Table 2: Tightening of eligibility conditions for old age pensions and old age social allowance

	Before austerity packages	After Law 102/09 & Law 122/10	After Law 214/11	Standard age for old age pension	Projected** standard age for old age pension	Minimum*** standard age for old age pension	Projected standard age for old age pension
Year of retirement	- 2008	- 2011	- 2012	- 2013*	- 2018	- 2021	- 2050
Males public sector	65	65	66	66y 3m	66y 7m	67	69y 9m
Males private sector	65	65	66	66y 3m	66y 7m	67	69y 9m
Females public sector	60	61 65 (2012)	66	66y 3m	66y 7m	67	69y 9m
Females private sector	60		62	62y 3m	66y 7m	67	69y 9m
<i>Social allowance</i>	65	65	65	65 3m	66y 7m	67	69y 9m

* First automatic adjustment to change in life expectancy: 3 months

** The actual pensionable age will depend on the automatic link to life expectancy

*** Actual pensionable age can be higher than 67, in accordance with changes in life expectancy

Parallel to interventions on old age pensions Law 214/11 has *de facto* **abolished seniority pensions** (*pensioni di anzianità*) which have traditionally represented a peculiarity of the Italian case allowing to retire before reaching the pensionable age, provided the fulfilment of a contributory period (40 years) or “quotas” (60 years for employees, 61 for the self-employed combined with 35 years of paid contributions in 2011). However, the reform has introduced the **possibility of early retirement** (*pensione anticipata*). For workers fully subject to the NDC system – i.e. in the medium-long run – early retirement will be allowed at 63, provided the same contribution requirement as for old age pensions (20 years). However, workers will be entitled to retire early only in case their pension amount is at least 2,8 times higher than the old age social allowance. Also, in the short-medium term, workers subject to the NDC system *pro rata* may retire after contributing for 42 years and 1 month (41 and 1 month for women) in 2012. Penalization applies in case of retirement before 62. **Age and contribution requirements for early retirement are linked to changes in life expectancy.**

In addition, the reforms abolished indexation of benefits above 1400 Euros/month gross in 2012-13. And, finally, Decree 201/11 prescribed the establishment (by the end of 2012) of a commission in order to evaluate the possibility to transfer to supplementary funded schemes a share of contributions paid in the public pillar. Clearly, if legislated, this measure would likely worsen the contribution/revenue ratio in the first PAYG pillar.

Trends in supplementary funded pillars

Similarly to what was presented in the 2011 Annual Report for the year 2010, latest data published by Covip¹¹ in January 2012 show a **modest increase (+5.7%) of total members of supplementary funds**: from around 5.3 million to **5.6 million** out of about 23 million employed (table 3). This once more confirms the slowdown registered since 2008 and points at the still relatively limited coverage of supplementary pillars in Italy. Also the low capacity of both occupational Closed funds (total members: - 0.8% between Dec.10/11) and Open funds

¹¹ Covip is the national surveillance authority on pension funds.

(+3.8% only) to attract employees is confirmed¹² in contrast with the effectiveness of 3rd pillar personal pension plans based on life insurance contracts (new-PIP, +290,000 members corresponding to an increase by 25.1% in one year). With slightly more than 2 million members PIP (old and new) have actually overcome closed funds which have traditionally represented the core of supplementary pension provision in Italy¹³.

Table 3: Membership of supplementary pension schemes in Italy, 2006-2011

	<i>Of which Private employees (Dec.2011)</i>	Members (x1000)				Variation (%)	
		Dec. 2011	Dec. 2010	Dec. 2007	Dec. 2006	2011/2010	2007/2006
Closed PF	1,844	1,994	2,010	1,989	1,219	-0.8	63.1
Open PF	420	881	848	747	440	3.8	69.6
PIP <i>new</i>	894	1,451	1,160	445	-	25.1	-
PIP <i>old</i>	201	610	610	800 ^a	960	-	-
PEF	639	667^b	667	649	650	-	-
Total	3,996	5,572	5,271	4,635	3,269	5.7	41.8

Note: a: Estimated data

b: Due to lack of data Covip assumes that membership has not changed from 2009

c: Total excludes double counting and includes members of the residual fund set up by Inps (ca. 40,000 members)

Source: Author's elaboration from Covip 2008, 2012.

This is mostly the consequence of the peculiar competition between 2nd and 3rd pillar schemes stimulated by the regulatory framework for funded pensions in Italy, which ultimately leaves more room of manoeuvre to financial institutions (banks, insurance companies, etc..) which manage 3rd pillar schemes. Financial institutions can in fact rely on larger staff than occupational Closed funds that are non-profit institutions.

These developments must be evaluated in light of the different performance of the various types of supplementary schemes. After losses registered in 2008 and a-cross-the-board positive returns in 2009-2010, in 2011 figures turned to negative for 3rd pillar forms - PIP (-5.7%) and Open funds (-2.4%) - while only Closed funds have reported no losses (+0.1%)¹⁴.

2.2.2 Debates and political discourse

Between May 2011 and February 2012 the debate on pensions in Italy has alternatively focused on the issues of **adequacy** and **sustainability**.

Discussion concerning pension adequacy has been rather polarized with some scholars/actors alerting on the possible resurgence of old age poverty in next decades and others more confident on the capacity of the pension system to guarantee economic security for the elderly.

Thus, on the one hand, several studies and reports have presented evidence of the risk of inadequate income security in old age in future decades for a large share of those currently employed. In most cases scholars have pointed at the critical interplay between pension rules,

¹² See the Asisp Annual Report - Italy, 2011.

¹³ All data from COVIP (2012).

¹⁴ All data from COVIP (2012).

as reformed in 1992-2010, and labour market structure and performance (see par. 2.2.5). Also, a report by Censis-Unipol (Censis 2011) suggested that the risk of inadequate income protection in old age might also affect “standard” young workers: 42% of those currently employed on open ended contracts in the age bracket 25-34 years would get a pension around EUR 1000 around 2050. This report as well as the poll conducted by SWG¹⁵ in spring 2011 have also pointed at the limited pension knowledge among the population and especially the youngster: around 50% of young people (age bracket 25-35) with a university degree are not aware of the basic pension rules – e.g. the method to calculate pensions. Also, even if pessimism on future prospects for public pensions largely prevails (around 70% of respondents), most people (74.7%) do not show any interest in supplementary old age benefits and only 6.3% are willing to become member of a pension fund in the future.

These considerations further raised attention on the adequacy issue by **trade unions** which have started to think of **measures aimed at preventing poverty in old age**: the major workers’ organisation Cgil is currently developing a proposal for the (re)introduction of a minimum pension for those retirees receiving contributory benefits that fall below a certain threshold (in nominal terms), while Cisl would be more in favour (at least in principle) of a basic, flat rate pension.

Furthermore, the scarce information on pensions is critical in light of the projected reduction of public benefits due to the implementation of the NDC system and the limited coverage of supplementary pensions that ultimately depends on voluntary choices by workers. Consequently, a debate on how to increase supplementary pensions take-up rates has been re-launched involving major stakeholders – the social partners but also associations representing financial institutions and pension funds¹⁶ - as well as, last but not least, the new Monti government and especially the Minister of Welfare Elsa Fornero - an economist who has traditionally been in favour of expanding funded pension provision¹⁷.

In the “opposite camp”, however, a report by Patriarca (2011) commissioned by the National Insurance Institute (INPS) has argued that concerns for pension adequacy are somewhat unjustified. In fact, if increases of pensionable and retirement ages in the next decades are included in calculations, Theoretical Replacement Rates (TRR) of public pensions around 2040-50 are higher than previously estimated – i.e. net replacement rate around 80% (see also par. 2.2.5).

The second part of the year has been dominated, however, by debates on pension sustainability and the need of further retrenchment interventions on the public pillar to be included in the austerity packages requested by the EU¹⁸. As reforms adopted in the 1990s placed the Italian public pension pillar on a sound track for the long run, concerns were mainly raised with regard to the short-medium term. As mentioned above, the reform designed by the technocratic government directed by Monti has aimed to reduce public pension expenditure for the next years via parametric changes on pension rules (eligibility conditions and benefits level above all). This has provoked some resistance by the unions, especially Cgil with particular reference to the abolition of seniority pensions and the sharp increase of the pensionable age for women in the private sector, as well as opposition by the Northern League party - which does not support the Monti government - and partly from IDV party (*Italia dei Valori*). Nevertheless, the technocratic nature of the government and the broad consensus on austerity measures across

¹⁵ SWG is one of the major poll companies in Italy. The poll was commissioned by *Ferrari & Nasi*, a privately managed research institute, and *Comunità e Impresa*, a counselling company for firms.

¹⁶ See Jessoula (2009, 2011b) for an overview of interest representation in the field of supplementary pensions.

¹⁷ See Castellino and Fornero (1999), Fornero and Castellino (2001)

¹⁸ See the next section for a discussion of the recent supranational-national relationship.

major parties that constitute the parliamentary majority¹⁹ have allowed a relatively smooth approval of the reform.

2.2.3 Impact of EU social policies on the national level

Developments in 2011 have confirmed the views expressed in the 2011 asisp Annual Report for Italy. That is, on the one hand, the “grip” of European processes based on soft-law and coordination mechanisms – such as the OMC and Europe2020 – on Italian policy-makers and stakeholders has progressively weakened in the last few years; on the other, “supranational constraints continue to drive national policy developments only when ‘hard’ pressure is exerted” (Graziano and Jessoula 2011, 171) and this **ambivalent relationship of the national policy making with the supranational level** tends to lead to the adoption of policy measures exclusively aimed at **improving sustainability while disregarding the adequacy** dimension.

Not only the social dimension of Europe2020 and especially poverty reduction targets had not been given enough consideration in the 2011 Italian NRP (National Reform Programme) as already reported in IAAR (2011); also very limited discussion has followed about the strategies/policy tools needed to reach those targets. Exception were represented by the comparative analysis and report by CNEL (National Council for Economy and Labour) on the NRPs of various Members States in order to evaluate the Italian NRP (CNEL 2011) and the Conference organized by the Bank of Italy on April, 21st 2011 in Rome “Europa 2020: quali riforme strutturali per l’Italia?” (*Europe2020: which structural reforms for Italy?*) where a section was dedicated to labour market participation and social inclusion policies (see Bobbio et al. 2011).

By contrast, same as in 2010, the incisive measures introduced in 2011 in order to improve sustainability and reduce pension expenditure in the short-medium run were all triggered by exogenous pressures stemming from interplay of financial markets trends and EU debt/deficit rules in light of the high Italian public debt, a public deficit persistently above the 3% threshold since 2009 and continuous slow growth since a decade²⁰. A few measures – also including a very gradual increase of the retirement age for women employed in the private sector - were adopted in early-summer 2011 by the centre-right Berlusconi government. Subsequently, the then President of the European Central Bank Trichet and Mario Draghi (then Governor of the Bank of Italy, now President of the ECB) sent the Italian government an official letter by which they urged to “frontload the measures adopted in the July 2011 package by at least one year”. The aim should be to achieve a better-than-planned fiscal deficit in 2011, a net borrowing of 1.0% in 2012 and a balanced budget in 2013, mainly via expenditure cuts.²¹ Also, the ECB did not simply call for austerity measures in the field of pensions, but indicated reforms in details: that is, making “more stringent the eligibility criteria for seniority pensions and rapidly aligning the retirement age of women in the private sector to that established for public employees, thereby achieving savings already in 2012.” The technocratic Monti government - that replaced Berlusconi’s cabinet in November 2011- then approved the so called “Save Italy Decree” (Law Decree 201/11) in accordance with recommendations illustrated above which constitute an unprecedented intervention by supranational authorities in the Italian (pension) policy-making.

The next 2012 NRP will likely provide further indications about the relative capacity of EU “soft” and “hard” pressures to promote changes in the pension field in Italy.

¹⁹ Democratic Party, Freedom People-PDL and centre parties such as Future and Liberty (FLI) and UDC.

²⁰ For details see, Jessoula (2010, 2011b), Stamati and Schoyen (2011).

²¹ Original text of the letter reported by the Italian newspaper “Corriere della Sera”, 29 September 2011.

2.2.4 Impact assessment

Reforms adopted in the second half of 2011 will impact on both public pension sustainability and benefits adequacy. On the first front, legislated measures will allow substantial savings in the next three decades. The amount of cost reduction will progressively increase after 2012 (expected savings around 2.7 billion Euros) reaching 22 billion Euros in 2020 as reported in the detailed technical annex to Law Decree 201/11 (Table 4). Accordingly, the reduction of public pension expenditure on GDP will be 0.2 percentage points in 2012, 0.9 in 2015 and 1.4 in 2020, then gradually declining to 1.1 p.p. in 2025, 0.9 in 2030 and 0.5 in 2035.

Table 4: Savings from measures on pension included in Law Decree 201/11 (million Euros), 2012-2021

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2,767	5,968	8,540	11,910	14,757	17,890	20,029	21,518	22,037	21,038

Source: *Relazione Tecnica - Decreto Legge 201/11 (Technical Annex - Law Decree 201/11)*, p. 44

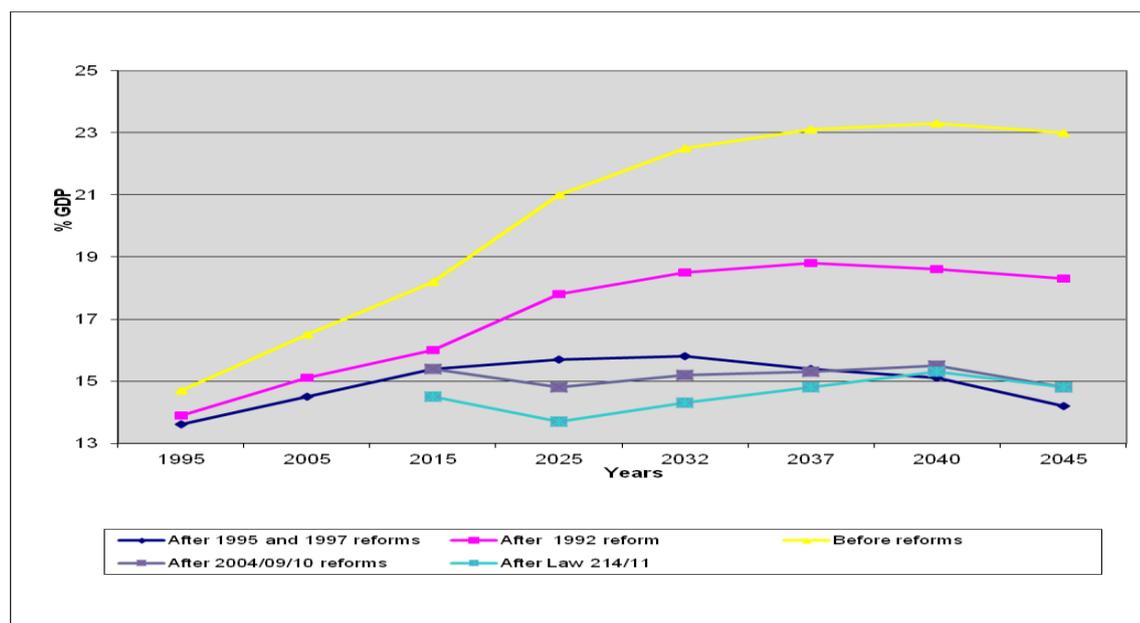
Table 5: Reduction of pension expenditure on GDP (percentage points), 2012-2050

2012	2015	2020	2025	2030	2035	2040	2045	2050
0.2	0.9	1.4	1.1	0.9	0.5	0.2	0.0	0.0

Source: *Relazione Tecnica - Decreto Legge 201/11 (Technical Annex - Law Decree 201/11)*, p. 44

Measures approved in 2011 will therefore further contribute to reduce the burden of public pension expenditure in the next decades by adding to reforms of the 1990s and later adjustments legislated in the period 2004-2010. Figure 1 below clearly shows the impressive cumulated contribution by the various reforms to the reduction of pension expenditure which is actually expected to diminish from 15.3% of GDP in 2010 (15.2% in 2009)²² until 2026-27; also, the cost reduction effect of the latest reform stands out when comparing the violet and light blue lines.

Figure 1: Public pensions expenditure (% GDP) after the various reforms



Source: *Ministero dell'Economia e delle Finanze, various years; Technical Annex – Law*

Decree 201/11

²² Data source: Ministero dell'Economia e delle Finanze (2011a).

As already mentioned in the Italian asisp Annual Report 2011, these trends are important in light of the faster demographic ageing in Italy than in most other EU countries: the old age dependency ratio for Italy was 30% in 2007 and it is expected to reach 42% and 59% in 2030 and 2060 respectively, in comparison to a EU27 average of 25%, 38% and 53% in the same years (European Commission 2010).

Clearly, the reduction of public pension expenditure in a context of rapid demographic ageing might lead to adequacy problems in the future - depending on the overall design of the pension system and especially if this trend is not compensated by higher investment in supplementary pension provision. In the next section these two points will be addressed by discussing adequacy concerns for the long run.

2.2.5 Critical assessment of reforms, discussions and research carried out

Before analysing the likely effects of the latest reforms on pension benefits in the long run, it must be stressed that **retrenchment measures will also have an impact in the short-medium term**, as data on cost reduction presented in the former paragraph have shown. Consequently, with regard to benefits, while the reduction of pension levels entailed by the across-the-board application of the NDC system *pro rata* (starting in 2012) will be limited in the next decade (Mazzaferro and Morciano 2011), other measures might be critical at least for the weakest group of pensioners. First, the freezing of indexation for pensions above 1400 EUR/month gross in 2012-13 will likely imply a lower purchasing power for a large share of retirees also in light of the remarkable increase of inflation from 1.5% in 2010 to 2.8% in 2011. In addition, the partial exclusion of indexation will likely have negative effects on the aggregate replacement ratio that was just at the same level as the EU-27 average level (53) in 2010. Second, with regard to poverty alleviation, the progressive increase of age requirements to be entitled to the old age social allowance (see above Table 2) – as well as to other means-tested social benefits for elderly – will determine a reduction of coverage of the poor population which is critical in light of the absence of a general minimum income scheme for the population as a whole.

However, most **concerns for pension adequacy are in the long run**, that is when the NDC system will fully apply and income maintenance after retirement should be ensured by the combination of public plus supplementary pensions. Not only this combination seems to be out of reach for the majority of those currently employed because of the limited share of employed population covered by supplementary pensions (cfr. par. 2.2.1) – with the consequent negative impact on overall gross/net replacement rates; also the interplay between a segmented labour market and an “exclusive” unemployment benefit system (UB) with a NDC (plus DC) pension system might hamper adequate income maintenance in old age. In the following the major weaknesses will be summarized (see Jessoula 2012 for a full discussion).

i) The **Italian labour market** is characterized by a **modest performance** – in terms of labour market attachment, activity and employment rates – dualization between “standard” and “atypical” workers also implying a generational divide because atypical employment is targeted to youngsters, and even segmentation within the atypical group. Employment rates are well below the EU-27 average (56.9 vs. 64.1 in 2010) and the situation is particularly critical for women (46.1 vs. 58.2 for EU-27) as well as at both ends of the labour market, that is for young (20.5% for those between 15-24) and the elderly (35.7% vs. 46% for the EU-27 in the age bracket 55-64). Unemployment is extremely high (31%) in the age bracket 15-24. Furthermore, various analyses have shown that atypical employment in Italy is less serving as “stepping stone”, while a relevant share of young risk to remain “trapped” in atypical employment for several years, also due to scarce investment in ALMPs (see Jessoula 2012). Under these

conditions, a 40-year career length as supposed in calculations of TRR by Patriarca (2011) and the EC (2010) is hardly realistic.

ii) This holds even more true when considering that ii) **the exclusive character of the UB system** - only 30% of the unemployed received unemployment benefits and related contribution credits for 1st pillar pensions in 2006 - implies a reduction of replacement rates for most workers in case of spells of unemployment (see Raitano 2009). This is relevant in an ever more flexible labour market, with a 20% share of atypical employment, where interrupted careers are becoming the norm;

iii) **the actuarially neutral nature of the pension system** - based on NDC public pension and DC supplementary benefits - accurately translates differences in employment careers into post-retirement income differentials, with extremely limited redistribution for those towards the bottom of the income scale. If this may be unproblematic when pensions are calculated on the last (or best) wages and replacement rates are high, it may turn to be critical when these conditions are not met due to scarce resources. This implies that not only replacement rates must be taken into consideration, but also the (projected) nominal level of old age benefits should be considered in order to assess pension adequacy in future decades.

In this respect, the legislated increase of pensionable age in combination with tightened eligibility conditions for early retirement and the requirement of a minimum pension level (see above par. 2.2.1) – as well as the possibility of late retirement until 70 - might improve the adequacy prospects. Longer employment careers and the application of higher transformation coefficients in the NDC system turn into higher pensions: calculations by Patriarca (2011) indicate a net replacement rate around 70% from public pensions for a private “standard” employee retiring at 69 with 35 years of contributions in 2046.

Two considerations must be made, however, in this regard. First, the share of standard employment is shrinking and around 70% of youngster enter the labour market on temporary contracts: this means that a full career as standard employee may not be realistic for the majority of those currently employed while differences in contribution rates across the various categories (standard employees, project workers, self-employed, cfr. par. 2.2.1) have a detrimental impact on future benefits level. Second, even when solved (if they are at all) adequacy problems, they may well give rise to *equity* issues. In fact, a system which is neutral with respect to wage levels (i.e. replacement rates do not vary in accordance with wages until the contribution threshold of EUR 96.149,00 per year²³) and where adequacy is ensured only when retiring around 70 is particularly unfavourable to workers with low incomes in light of the direct relationship between income and life expectancy. These issues should be taken into considerations when planning further interventions on the pension system.

Possible policy recommendations

Based on what was presented above, a number of **pathways to old age security** in future decades may be envisaged, not only implying to reform the pension system, but also changes in the labour market and social protection rules at employable age.

On the latter front, a more inclusive unemployment benefit system and related (tax-financed) contribution credits would be of utmost importance for atypical workers with discontinuous careers who are currently either not entitled to unemployment benefits (project workers) or find it difficult to fulfil contribution requirements (especially workers on fixed-term contracts). More generally, measures aimed at raising employment rates would be beneficial for old-age security in the future. In particular, supporting the growth of female employment by developing childcare services and reconciliation policies, might have positive effects on household income

²³ See www.inps.it.

at retirement. This is crucial also in light of the recently legislated measures that, by rising pensionable age, will likely increase labour offer in the labour market. The open question here is: will labour demand actually match the increased active population?²⁴

As for pensions, measures should be adopted both in the first pillar and supplementary schemes.

In the public system – aside from a generalized increase of benefits, which does not fit well with the climate of “permanent austerity” (Pierson, 2001) and the persistently slow economic growth in Italy – several measures may be envisaged, all requiring – in different forms – more redistribution, especially in the first pillar, thus reducing the purely actuarial and insurance-based character of the NDC system which might well not be the optimal solution in an age of scarce resources. In line with the Italian tradition the (re)introduction of a means-tested “minimum pension supplement” – set at a higher level than the social allowance – for retirees entitled to old-age contributory benefits who fall below a certain threshold would certainly contribute to adequacy. Alternatively, a progressive (in distributional terms) replacement rate – ensuring proportionally more generous pensions to workers with low earnings – might be envisaged.

Among more limited, incremental measures to be adopted in the short run, project workers – as well as traditional categories of self-employed – would benefit from an increase in contribution and accounting rates to the same level as for standard employees (33%). This would result in a 25% increase of pension levels according to simulations by Borella and Segre (2011).

However, for effective income maintenance after retirement, atypical workers – as well as “standard workers”²⁵ – should combine public pensions with supplementary benefits. Here the crucial point is how to expand coverage and increase take-up rates especially among the atypically employed. For some categories of workers – and especially part-timers and workers on fixed-term contracts – if the compulsory devolution of the TFR to pension funds does not seem realistic for political reasons, the president of the Supervisory commission on supplementary pensions (Covip) has suggested a number of strategies. As for immediate measures, the periodical implementation of the silent-consent mechanism for those already employed (as the latter still operates for workers entering the labour market only) may represent an effective strategy in order to develop supplementary pillars. This would not help, however, to tackle the most serious situation facing project workers. That is why interventions on the first pillar as well as in other welfare sectors are extremely important for this particular group.

Finally, also information campaigns as well as the distribution of the so called “orange envelope” (imported from the Swedish case) to all those currently employed – both measures already planned by the Ministry of Welfare and included in the 2011 reform – may help in raising awareness on future pension levels and suggesting (individual) strategies needed to ensure adequate income maintenance in old age in future decades.

2.3 Health Care

2.3.1 The system’s characteristics and reforms

Since 1978, there is a National Health System (NHS) in Italy. In the past 20 years the NHS has undergone three relevant reforms: managerialisation, different forms of “privatisation”, and decentralisation (see last year report form more information on these reforms). In order to

²⁴ Cfr. Mazzaferro and Morciano (2012).

²⁵ Those in open ended, full time jobs.

understand some recent changes, we need to remember the importance of the third relevant reform: regionalization. Starting from the 1970s, regions started acquiring an institutional recognition, also in health care issues. The whole Italian health care system underwent a deep transformation: from a centralised system to a regionalised and semi-federalised one.

As already stated in prf. 2.1, in order to understand what happened in the NHS in 2011, three relevant socio-economic and political features of Italy must be remembered: i) the political turmoil that has characterised all 2011, which weakened the Berlusconi Government and its action also in health care, and the rise of a new Government in November 2011; ii) a “public debt” crisis and the relative difficulties / need to respect the EU stability pact; iii) very strong and marked territorial socio-economic differences (the GDP per capita in the richer central/northern regions is 76% higher than the one in the poorer southern regions – a distance not found in any other “old EU15” country). These last two issues were raised as some of the most prominent and worrisome ones in the EU Council Recommendation for Italy of 12 July 2011.

In comparison to the previous year report, since 2011 there have been relevant changes in the Italian health care system (NHS), not with regard to coverage and benefit package, but in terms of co-payments, public expenditure and competition (in the drugs distribution area), especially looking at the decisions which will affect the NHS in the near future.

The reforms carried out between January 2011 and February 2012, mainly (and almost only) focus on the issue of the financing of the NHS, especially reducing expenditure. Three main interventions can be noticed:

- a. Improvement in NHS expenditure efficiency;
- b. Expenditure cuts;
- c. Increased competition in the drugs and pharmaceutical distribution market.

These three main interventions are of course intertwined with each other but they refer to or, at least, they were introduced in different moments (see box below).

	Winter-Spring 2011	Summer 2011	Autumn 2011- Winter ²⁶
Political Situation	Difficult	Extremely difficult (Govt crisis)	Difficult (Govt Change)
Economic Situation	Difficult (the economic crisis)	Extremely difficult (the economic and “spread crisis”)	Extremely difficult (the economic and “spread crisis”)
Health care decisions			
Improvement in NHS expenditure efficiency	All over the 14 months		
Expenditure Cuts	----	Indication of major cuts	Not totally clear yet
Increased competition in the drugs and pharmaceutical distribution market	----		Ongoing approval

²⁶ The new Health Care Minister of the Monti Government, Prof. Balduzzi, has decided that, as a sign of transparency and communication, his Ministry will publish every three months a report on the Ministry activity. The report is online and consists of different sub-reports, related to different issues (programming, prevention, etc.): the report can be looked at: <http://www.salute.gov.it/ministero/sezMinistero.jsp?label=fin&id=977>.

a. Improvement in NHS expenditure efficiency (Winter 2010-Spring 2011)

A good part of government attention to the NHS in the past years has been devoted to strategies for containing costs and promoting a more effective use of financial resources. The most part of the Government action in health care in the first months of 2011 was devoted to this task. Compared to other European countries public health funding has been relatively low in Italy: the public per capita expenditure in 2009 was equal to \$ 2,443 (PPT) in Italy, and \$ 2,852 in the EU15 (OECD, Health at a Glance, 2011). Nevertheless, the majority of Italian regional governments were able to use the limited financial resources given by the central government to manage health care in an efficient way: in the past 10 years only a limited number of regions (most notably five out of twenty-one) have generated relevant deficits and these five regions account for more than 90% of the total deficit. The government has been trying to use two different tools to promote more efficiency in NHS expenditure at the regional level: the “Piani di rientro”; Fiscal federalism (“costi standard” and “premi e sanzioni”).

The “Piano di rientro” is an agreement between the central government and single regional governments who have accumulated health care deficits. The national government agrees to cover part of the debt in exchange of a sustainable “industrial” plan by regional governments to reorganise their health care system in order to prevent future deficits (through cuts in hospitalisation rates, stops in hiring new health staff, stronger control of pharmaceutical expenditure, etc.). In order to avoid possible opportunistic behaviour from regional governments with high deficits, these governments have to introduce automatically increases in their regional taxation system in order to cover a good part of the deficit produced, as well as new or higher forms of co-payments for health care services and goods (drugs). During the past two years the central government has engaged in the implementation of “Piani di rientro” in ten regions²⁷. The results produced so far are satisfactory if looked at from a strictly expenditure and budget point of view: as the “Corte dei Conti” (*Auditor General*) acknowledged²⁸ in 2011, thanks to the good functioning of the “Piani”, the overall NHS deficit decreased from EUR 3,2 billion in 2009 to EUR 2,3 billion in 2010 (-28% in a year).

The last two bills introduced with Fiscal Federalism refer to the way the Regional NHS will be financed (“costi standard” = standard costs) and the accountability mechanisms for Regional NHS decision-makers (“premi e sanzioni” = incentives and sanctions). Given that health care represents around 70% of total regional expenditure, the definition of how health care is financed has quite a broad implication in terms of what type of federalism will arise from the reforms (for instance how the interregional financial compensation mechanism will work). In May 2011, with the bill n° 68 the national government has introduced the tool of “standard costs”, based on the concepts that, starting from 2013, LEA costs will be defined on the basis of a “benchmark” mechanism: a limited number of regions (three, to be precise: one each from northern, central, and southern Italy; among them one region must have “small” demographical dimensions) with no deficits and a good quality health care system will be considered as the reference point in order to define the amount of resources given to each region in order to fund its health care system²⁹. The law defines also the modality of functioning of the “Fondo perequativo” (the national fund created to redistribute resources for health care among richer and poorer regions). At the end of February 2012, the Ministry had not yet indicated the three benchmark Regions³⁰.

²⁷ See: www.salute.gov.it/pianiRientro/homePianiRientro.jsp.

²⁸ Corte dei Conti (2011), *Rapporto 2011 sul coordinamento della finanza pubblica*, Corte dei Conti, Roma.

²⁹ See: <http://www.gazzettaufficiale.it/guridb/dispatcher?service=1&datagu=2011-05-12.&task=dettaglio&numgu=109&redaz=011G0112&tmstp=1305272114707>.

³⁰ As it was stated in: <http://www.salute.gov.it/ministero/sezMinistero.jsp?label=fin&id=977>.

The bill n° 149 (“Premi e Sanzioni”) was introduced in September 2011 aiming at improving the accountability of local governments and agencies (Regional NHS included) through a mix of incentives and sanctions. Among the sanctions the bill requires that Regional Presidents and also NHS managers have to be removed from their position if they do not fulfil the “Piani di rientro” or they keep on creating relevant deficits. Among the incentives there will be additional financing for those Regional NHS able to keep their health care expenditure equal or below the national average.

b. Expenditure cuts (Summer 2011)

The “Finance Law” from 2011, passed in July 2011, the main national law regulating the amount of resources that will be given to the public sector, was a very relevant turning point for the Italian NHS: it introduced for the years 2012-2014 an amount of expenditure cuts equal to around EUR 8 billion (just to give an idea of the magnitude of the cuts, the overall NHS financing from the State in 2012 should be of around EUR 108 billions). Among the measures that the Law introduces there are: a partial financing from the pharmaceutical industries of the pharmaceutical deficits created by Regional NHS; severe limitations in the recruitment of health care workers in the NHS and other cuts related to the expenditure for staff; from 2014 there should be new “national-set” co-payments on pharmaceutical goods and health care services.

It is difficult to assess nowadays (February 2012) how the Law will be implemented effectively in 2012-2014, due to the fact that there has been a change in the National Government. What can be stated until now is that the Conference between the National Government and the Regions has agreed so far that³¹:

- i. no cuts will (probably) be made for 2012;
- ii. around EUR 2 billion of cuts will be made in 2013 (mainly on drugs and goods and services acquisition);
- iii. around EUR 5 billion of cuts will be made in 2014 (more than 50% coming from increased co-payments).

It must be said that the final agreement between the Central Government and the Regions should be reached in March-April 2012 and therefore some of the data reported here might change.

c. Increased competition in the drugs and pharmaceutical distribution market (autumn 2011 – winter 2011/2012)

If the Berlusconi government focused on cuts in the public sector (see above point b), the Monti government is focusing on how to use the health care system in order to foster new employment (given the high level of unemployment, as also stated in the EU Council Recommendation for Italy of 12 July 2011) and competition in the private sector. In particular, with the Bill n° 214/2011 and with a new Bill, that still needs the final approval from the Parliament, the new government tries to foster: new employment (allowing the opening of

³¹ The information reported here come from two sources: the official website of Regional Governments (www.regioni.it) and what it is reported in the main webmagazines dealing in Italy with health care issues (Il Sole 24ore Sanità, Quotidiano Sanità, etc.; see for more information the list at the end of the “Abstract of relevant publications” section).

around 4.000 to 5.000 new pharmacies, which will mean, at least, 15.000-20.000 new employees in this sector); price competition for drugs (among the new and old pharmacies and also with the new para-pharmacies for a series of drugs, which do not need a medical approval); more flexible opening hours and a lowering of drugs' costs (GPs will be obliged to advise their patients to use "generic drugs"). The Bill should pass before Easter and it is going nowadays (end of February 2012) through Parliamentary auditing: so far it seems that the general approach proposed by the Government seems to resist lobbying from different interest groups (pharmaceutical industries, the association of the pharmacies owners, etc.), which are against the reform.

2.3.2 Debates and political discourse

Quite many information on the debate and the political discourse in the NHS were already given in the previous sub-paragraph, given the fact that since January 2011 many government programmes have turned into legislation or will probably be in the near future. In this sub-paragraph we will focus on issues not related directly with the financing of the NHS.

The main second issue, apart from financing, on which the debate has focused in the last months, is about the role of health professions in the NHS. In particular during these months the Parliament is discussing a law on "clinical governance" (the first articles of this potential new laws have been approved by the Parliament Committee on Social Affairs), which tries to reshape the way decisions are made at the local level. With the introduction of managerialization in the 90s, a lot of power was taken away from health professionals (in particular doctors) and given to managers. The law on "clinical governance" is struggling in order to find a way to maintain the managerial approach, but also giving more room to professionals and third sector/users' organisations in the running of local health authorities. Of course the path is very narrow and the debate is heated by different views expressed by, on one side, Regional Governments and managers' associations (more in favour of maintaining an approach closer to the actual one) and, on the other side, professionals associations (mostly doctors' ones) and users/third sector representatives (keener to promote a more complex and articulated governance model of local health authorities). The first paragraphs of the law passed in the Parliament Committee seem to foster a vision of "clinical governance" closer to the latter positions.

If "clinical governance" has been a field of discussion among the main actors of the NHS, another issue at the centre of the debate, quite related to the latter one, is the problem of the future shortage of medical staff. In particular two of the main associations representing public hospital doctors (ANAAO) and GPs (FIMMG) have produced in the second part of 2011 two studies expressing worries about the (near) future. The ANAAO estimates that by 2021 around 30.000 doctors will retire (nowadays there are around 105.000 doctors in the NHS) and, even more important, in specific fields there is going to be a decrease of doctors of -25% (paediatricians, surgeons, internal medicine). The ANAAO argues that this situation is the result of a series of factors, among which carrier difficulties, increasing workload and more intense working hours and schedules³². The FIMMG estimates that 74% of actual GPs will be still working in ten years, but in 15 years this percentage will be reduced to 34% and there are no signs that this decrease will be filled by an equal number of new entries in the profession³³. Elaborating data from the Ministry of Finance, the ANAAO denounces also the increase in the precarious labour contracts for many doctors: from 2001 to 2011 the number of doctors working for the NHS with fixed-term contracts doubled (passing from 3.700 to 7.300).

³² See: <http://www.anaao.it/index.php?skip=on>.

³³ See <http://www.fimmg.org/>.

The third main issue is the ongoing differences in the performance of Southern and Northern Regional NHS in Italy (see point 2.3.4). There are signs that distances are narrowing down in terms of expenditure and deficits (see point 2.3.1), thanks to the “Piani di rientro”, but there are still relevant gaps in the functioning of NHS in the South (worse) and the North (better) and some actors start to argue that the “Piani” are having a good impact on Southern Regional NHS budgets but a negative one on their performance³⁴.

In this whole debate about welfare (and health care) reforms, political parties seem increasingly absent. The reasons are complicated and they are related to the following aspects: a) in a time of economic crisis and retrenchment, political parties prefer not to appear too much in the public scene (it should be remembered that the Monti Government is made only by “experts” – university professors, lawyers, chief economists, etc. -, chosen and appointed if they were not directly related to political parties), in order (in the hope from political parties) not to get the direct blame for the painful cuts and reforms that need to be passed; b) the last 20 years of Italian politics have seen an increase of “leaderism” and a decrease of political parties as organizations able to shape policies (said in other terms, parties as such are becoming more and more “election machines”, and then, after the election has been won, the leaders of these parties are the only ones making decisions), and this situation is detrimental to day-to-day discussion about specific issues such as, for instance, health care. This is the reason why there are few public documents coming from political parties on health care issues. The Pd (Democratic Party) proposed, for instance, a document in February 2011 focusing on how to mix federalism with solidarity, given the increasing worries about the relatively worse performance of the NHS in the poorer southern regions³⁵. This document is one of the few of this kind and it is relatively “old” (February 2011, a period before the economic and political turmoil of last Summer-Autumn).

2.3.3 Impact of EU social policies on the national level

The debate on the OMC in the field of health care has not had any relevant apparent impact. In particular, the Italian NRP (April 2011) focuses mainly on the economic sustainability of public health care expenditure. In different parts of the document the main issues are how to contain public expenditure in the field and how to avoid deficits (a typical problem of the sector, as discussed in previous sub-paragraphs). Even if Italy has had a per-capita public expenditure lower than the average EU-15 in the last two decades, the NRP focuses correctly on how to make more efficient and cost-effective public expenditure. The focus is on how to help and also sanction those regional governments responsible for health care delivery unable to avoid annual deficits (using the instrument of the “piani di rientro” and “patti per la salute”); and to make more effective public expenditure transforming the way health care is financed, shifting from a system based on “historical expenditure” (single health care units are financed on the basis of their previous expenditure) to a “standard costs” system.

What is missing in the rest of the document are any in-depth analyses and proposals for the access to health care (all the above stated proposals for health care do not refer to EU2020 targets but to the Annual Growth Survey actions, under the “Fiscal Consolidations” measures). In particular, the NRP seems to not take into consideration the following issue: Looking at the EU-SILC data from 2010 from Eurostat, the percentage of people with unmet needs for medical examination due to costs (it is considered by the interviewees too expensive) is equal to 3.6% in Italy – almost twice as high as the EU27 average (1.9%); moreover it is the highest

³⁴ For instance the ANAAO denounces that with the economic cuts related to the “Piani di rientro” in some Southern Regions the situation is dramatic with waiting lists also for cancer patients. See: <http://www.anaao.it/index.php?skip=on>.

³⁵ See: <http://beta.partitodemocratico.it/doc/202917/la-salute-in-tutte-le-politiche.htm>.

in the EU27 after Bulgaria, Rumania and Latvia, and similar to Greece. The situation in Italy in 2010 is consistent with the results in previous years and it has perhaps even deteriorated since.

If the OMC as such did not have an impact, the EU stability criteria in relation to the Italian public debt and deficit had a huge impact on the NHS in 2011 and they will probably have in the following years: the very severe cuts of the Berlusconi government in 2011 and the Monti reforms of 2011-2012 have been argued on the base that it is necessary for Italy also in order to remain in the EURO Zone.

2.3.4 Impact assessment

A 2011 document from the Ministry of Health is very helpful in order to provide a concise picture of the Italian NHS and its functioning³⁶. The Ministry has started to evaluate regional health care systems using a complex and comprehensive set of indicators (21) referring to their performance in terms of prevention (e.g. the percentage of women regularly undergoing mammography screening), ambulatory and territorial health care (e.g. the diffusion of hospice beds in relation to the total number of people who died from cancer), and hospital care (e.g. hospitalisation rate). Through a weighted comparative methodology each region's performance is evaluated. The result for 2009 was that out of 17 regional health care systems studied in the research 8 were considered good performers, 3 partially good performers (which means they have problems just on some dimensions of provision) and 6 with a critical performance (see below). What must be taken into account is the fact that situations of critical performance were found only in Lazio and in southern regions, whereas situations of good performance only in north-central regions. Thus, a first conclusion is that there are very relevant differences in the access to health care (also in terms of quality) not following the urban/rural areas divide, but another territorial divide: the North-South one.

Table 6: Evaluation results, 2009

Evaluation	Regions	Actions to be taken by the regional governments starting from 2010
Fulfilling all Health Care National Standards	Emilia Romagna (CN); Lombardy (CN); Tuscany (CN); Marche (CN); Piedmont (CN); Umbria (CN); Veneto (CN); Liguria (CN)	---
Fulfilling almost all Health Care National Standards with the need to improve on some of those standards	Basilicata (S); Apulia (S)	decrease the percentage of caesarean sections
	Sardinia (S)	improve pharmaceutical care and prevention programmes
Critical situation, not fulfilling many National Health Care Standards	Molise (S), Abruzzi (S), Sicily (S), Campania (S), Lazio (CN), Calabria (S)	improve ambulatory, territorial and home health care reduce hospital care and make it more efficient contain pharmaceutical costs

Note: S = southern region; CN = central-northern region

Overall, comparing the results of the Italian NHS with other EU countries with similar socio-demographic dimensions (Spain, Germany, France, UK), the Italian situation seems relatively good for many indicators (see Table 7 below).

³⁶ See: www.salute.gov.it/imgs/C_17_pubblicazioni_1534_allegato.pdf.

Looking at the Table 7, it clearly appears that for the majority of indicators used, the Italian NHS shows a situation in line (or sometimes even better) with the rest of the western European health care systems.

However, there are other issues where Italy's performance seems quite worse than in the other EU4: health and social care integration is limited (e.g. given the low level of provision of residential care for the elderly); there are relevant differences in the access to services based on income (and social class).

Table 7: The functioning of the Italian NHS in a comparative perspective (years 2007-2009; mostly 2009)

Dimensions	Indicators	Italy	EU4
Human, financial and technological resources	N° magnetic resonance units for each 1 million inhabitants	21.6	7.9
	Public health care expenditure as % of GDP	7.4	8.3
	Private health care expenditure as % of total health care exp.	22.5	22.3
Prevention	% of women undergoing mammography, age 50-69 years	68.0	62.2
	Pertussis vaccination, children	96.2	96.3
Hospital Efficiency	Average length of stay: acute care, days	6.7	6.5
	Acute care occupancy rate (% of available beds)	79.5	78.1
Integrated social care and health care	N° of residential facilities beds for frail elderly per 1,000 elderly	17.4	31.6
Results	Infant mortality rates	3.7	3.8
	Mortality rate for heart attack after 30 days of hospitalisation	4.0	6.2
Equity and inequality	% of individuals with an unmet medical need due to excessive cost	3.6	0.7
	% of individuals with an unmet medical need due to excessive cost in the first quintile (lowest) of income	7.2	2.1

Source: own elaboration from OECD (2011)

Three main problems seem to put the formal universal coverage by the NHS at risk: territorial inequalities; income inequalities in the access to services; the functioning of integrated social care and health care and the more general issue of LTC (see next section on this specific issue).

2.3.5 Critical assessment of reforms, discussions and research carried out

In a comparative international perspective, the Italian NHS seems to function relatively well and the reforms undertaken in the past years do seem to improve this functioning. The different laws and agreements passed since 2011 have focused mainly on the financial dimension. Overall, the system seems to be improving, but there are very serious problems that can blur this general picture:

- a. social inequalities between individuals and households with different income levels in the access to health care;
- b. territorial inequalities in the access to reasonable health care (the North-South divide);
- c. a system of integrated social care and health care for chronic diseases still too weak (see following section on this issue);
- d. a forthcoming shortage of medical professionals.

Apart from these challenges, it is very worrisome the introduction of severe cuts to the NHS budget, as they have been foreseen in the “Financial Law” of 2011 by the Berlusconi Government. Even if they will have an impact mainly in the next years, they will put under a severe stress a system that has many difficulties and challenges (see the above points “a” to “d”) and that might start to collapse.

Policy recommendations: more ad hoc financing for community care services diffusion

The Italian health care system is under transformation. The aim is less hospital-centred and more community-centred health care provision and reduction of regional economic health care deficits, where present (using the tool of Piani di Rientro). This choice will increase appropriateness, quality and outcomes. It could solve some of the problems just reported above (access, integration between health care and social care, etc.). The problem with this shift is that it needs resources to be implemented. Whereas Centre-Northern Italian Regions have already started some years ago this shift and are more equipped in doing so (more community health care services already in the past, more economic and organizational resources), Southern Regions find themselves in a complicated situation: they are closely monitored by the Central Government in relation to the appropriateness of their expenditure and they are pushed to diminish hospitalization rates, but they do not have a community health care services tradition. The risk is that citizens, unattended by hospital care, will also not be given a real alternative in community care. The result might be increasing problems of access to the health care system and an even wider gap between Northern and Southern Italy. Specific ad hoc financing should be thought in order to foster a diffusion of community care services in those Regions where they have been historically less developed.

Good practices: the Piani di Rientro

The Piani di Rientro experience, described previously in section 2.3.1, represents one of the most interesting policy development in the Italian health care system (Pavolini 2011) and it could be an interesting case to be analysed in all those countries where: the health care system is decentralized; there are significant territorial socio-economic differentiations, as well as differences in the administrative capacities of local governments to manage the decentralized health care system.

The Piani, which have been only recently implemented in Italy (starting in 2008), have been able so far to start to deeply reshape the Italian NHS. As a matter of facts, in the last four years, for the first time in the last two decades, they differences between Northern and Southern Italy have started to decrease, at least in the hospital sector: Southern Regions are creating less economic deficits, hospital rates inappropriate use of health care facilities are decreasing in those areas (the South), where they were particularly high. A mix of supports and sanctions from the National Government seems to be at the base of this successful experience, even if there are issues (see above the problem of de-hospitalization and community services) which should be better addressed.

2.4 Long-term Care

2.4.1 The system's characteristics and reforms

Italy, together with Germany, has the highest proportion of elderly population in Europe. The percentage of over 65-year-olds (around 20% in 2011) is 3% higher than the average figure for the EU-27 (Eurostat, 2012).

The structure of the Italian public LTC system has been traditionally characterised by the presence of two parallel models of intervention, based on heterogeneous criteria for eligibility. The first and most relevant track consists of a cash allowance scheme, the *indennità di accompagnamento* (attendance allowance - IA). The IA is administered by the INPS (the National Social Security Institute), but the social- and health-related evaluation of potential beneficiaries who can obtain the allowance is made by health care professionals working for the Regional Government. As it will be discussed later on, this fact has created some problems, because the INPS pays the allowance, whereas the Regions are responsible for selecting

beneficiaries but not for the payment. There is the risk that Regions might use this opportunity (decisional autonomy without economic responsibility) for creating legitimization (or worse, clientelism), without paying the costs.

The second track, more residual, is based on local welfare schemes, which include the provision of residential and home services.

Table 8 synthesizes the main figures related to the functioning of the Italian LTC system, showing also how relevant the territorial differences are in the development of LTC services. Let us start with a first element which is relevant both for LTC and for Health Care: the elderly in Italy represent around 20% of the population but they show a relative weight which is double when we look at the hospital acute care demand (42% of total case of acute care in hospitals are related to over 65). There is a broad discussion in the scientific and public arena in Italy arguing that a part of this hospital demand is inappropriate and is treated through acute care, due to the lack of enough territorial and LTC services: the Ministry of Health estimates that 20-25% of total hospital discharges are related to elderly patients with chronic conditions, using often (acute) hospital services in an inappropriate way (Health Minister, 2011). If this type of expenditure were to be added, the total LTC expenditure would be around 2% of the GDP. The presence of elderly among the patients is more pronounced in Centre-Northern Italy, also because in this part of the country there is a higher percentage of elderly people over the population than in the South: respectively 21.3% and 18.0%.

IA is a universalistic cash measure, accessible by all citizens certified as totally dependent, established on a national basis³⁷. The coverage level among the elderly was equal to 11.6% in 2011³⁸. The IA total expenditure for the elderly is quite relevant and equal to around EUR 8.2 billion. The IA is more spread in Southern Italy than Central-Northern one. Around this fact there has been quite a debate and political speculation: some political parties argue that this territorial difference is not too much related to needs but to a more inappropriate use of the program in the South, with phenomena of frauds and clientelism (see point 2.4.2).

Table 8: The functioning of the Italian LTC system (years 2008-2011)

	Italy	Centre-Northern Italy	Southern Italy
% of over 65 receiving:			
- acute care in hospitals (100% = total cared) (2010)*	42.1%	44.9%	38.9%
- IA (Attendance Allowance) (2011)****	11.6%	10.4%	14.7%
- Social Home care (2008)**	1.6%	1.5%	1.8%
- Nursing Home care (2009)*	3.7%	4.3%	2.2%
- Residential and Day care (2009)***	2.5%	3.0%	1.2%

Note: the figures of social home care (run by Local Authorities) and nursing home care (run by the NHS) cannot be simply added together because they partially refer to the same beneficiaries

Source: own elaboration from Ministero della Salute (2011)*, Istat (2011) **, Istat (2012)*** and INPS (2012)****

The second track of public LTC consists of local welfare programmes, including the provision of residential and domiciliary services. Health services (hospitals, home health care etc.) are distributed on a universalistic basis and almost free of charge, but they are strictly limited to medical and nursing services³⁹, while social services are provided by local authorities on the basis of highly selective and extremely territorially varied criteria of access.

³⁷ The right to this allowance, independent from age, is guaranteed to those who are unable to walk and to perform everyday tasks and who require continuous care.

³⁸ Own calculation of the author, based on the data provided in the following INPS website: <http://www.inps.it/webidentity/banchedatistatistiche/vig9/index.jsp> (retrieved on 13-2-2012).

³⁹ In 2009 around 69% of the total hours of nursing home care were provided exactly by nurses.

As a consequence of this lack of coordination, intervention is limited, if compared with most of other North-Central European countries (Ministry of Employment and Social Affairs, 2011). It can be estimated that around 4.5-5.0% of the elderly population in Italy benefits from public home care programmes (1.6% of home care provided by local authorities and 3.7% by the NHS) and 2.5% have access to residential care.

If we differentiate the situation of the LTC services system in the Centre-North of Italy and in the South, we can notice that, at least, in the Centre-North the availability of services is closer to Central Europe (3% coverage in residential care and around 5.5% in home care), whereas in the South the situation is quite dramatic (1.2% coverage in residential care and around 3.5% in home care) (Pavolini and Ranci, 2012; OECDa, 2011).

The overall public expenditure for LTC for the elderly in 2010 was around EUR 19.8 billion, equal to 1.28% of the GDP and it is mainly concentrated in the Cash Allowance programme and in the NHS services, with only a residual role of Local Authorities expenditure (Ministry of Welfare, 2011).

Given the increase in the elderly with LTC problems, the weakness of public service provision and the spreading of cash allowances (the IA), a substantial proportion of families with frail elderly has turned to the private market. The phenomenon grew quickly. In 2009, it was estimated a presence of more than 770.000 migrant paid care workers, mostly working on an individual basis at frail elderly people's homes, often without a regular contract (Ministry of Welfare, 2011).

Given this context, we can look at what happened in Italy since 2011. In comparison with health care, legislative production was almost absent and mainly related to financial cuts; the recent budget planning laws have deliberated quite relevant expenditure cuts. In particular the state financing of social care and social assistance was totally cut between 2008 and 2012 by 91% (from EUR 2.5 billion in 2008 to EUR 0.2 billion in 2012) (Ires, 2012). Inside this cut, there is also the one to the National Fund for Dependent people (*Fondo Nazionale per la non autosufficienza*), introduced in 2007, whose total amount was equal to EUR 400 million in 2008 and has been reduced to EUR 0 for 2012. Of course, LTC financing was not based only on this State source, but in a situation of dire straits for local governments (those running the LTC services), this reduction might mean the suspension of part of the provision. At the same time, the national government is experimenting more intensely on a "social card" programme, transferring financial resources to the most vulnerable and needy (and among them quite often the frail elderly). The resources allocated to this programme do not match the cuts in all the other social care and assistance programmes.

2.4.2 Debates and political discourse

In comparison to health care, again, the debate on LTC since January 2011 has been quite more limited. In particular the government has been focusing its proposal and actions on three issues:

- fostering new forms of private funding for LTC;
- fighting inappropriate access to cash allowance programmes;
- reforming the IA (Indennità di Accompagnamento) and cutting LTC costs.

As already stated in last year report, the former Ministry of Social Affairs (the one in the Berlusconi government) seemed to focus mainly on how to foster private "health care funds" coverage of LTC. He argued that there is the need to improve the private-public partnership,

fostering private funds, and adopting a model that “sees first an adoption of a funded system on a voluntary basis, a system that might turn into a compulsory one”⁴⁰.

The second main issue debated was the (correct) access to the main cash allowance system (*indennità di accompagnamento*), given the fact that there has been a significant growth in the diffusion and coverage of this programme in recent years. A broad debate has been going on in the months with two opposing positions:

a) the high increase in the take-up rates are partially due to frauds and possible political patronage at the local level (an exchange between the access to the benefit and political support); recent police investigations have found out that there is a relatively consistent number of individuals who declared to have severe disabilities (e.g. being blind, deaf, etc.), but they were able to perform normal day-to-day tasks; members of the previous Berlusconi government tended to opt for this interpretation, at least in relation to frauds⁴¹. Therefore, on different occasions during parliamentary hearings, the Minister for Labour and Social Affairs illustrated the strategy of the government in order to limit abuses in the access to IA through a stricter control of the way citizens become beneficiaries (also introducing sanctions for doctors working in the needs’ evaluation commissions);

b) the high increase in the take-up rates is due to a natural process (the ageing of the population) and, also, to the lack of LTC services, which pushes families and individuals to look for at least a monetary allowance.

In the last months the debate has exploded also on regular newspapers and internet forums and it is becoming more and more heated⁴².

The third (possible) most important act by the Berlusconi Government was signed in June 2011 with the so-called “Delega per la riforma fiscale e assistenziale” (Delegated Decree for the fiscal and social assistance reform), which allows the Government to define in the near future deep changes also in relation to LTC. With this Decree the government decided to cut in the near future expenditure (also fiscal exemptions and social protection) for an amount equal to EUR 40 billion in three years, starting in 2012. In the Decree passed in 2011 there was also the so-called ‘safeguard clause’: linear cuts could be avoided if, by the end of September 2012, a new legislation on taxation and welfare benefits will ensure similar savings (EUR 40 billion in three years). This reorganization of welfare and tax related benefits would focus primarily on raising the thresholds for accessing benefits (in terms of income and needs), transforming them more and more in means-tested schemes. In particular the article n° 10.4 is related to the IA – Indennità di Accompagnamento, and, adopting a relatively vague formula, it seems to propose a possible revision for the near future of the criteria of access to this universalistic cash allowance. Given the fact that the “Delega” has the explicit aim to help to reduce, more in general, by EUR 20 billion per year the overall social expenditure in Italy, and given the fact that the IA is an important source of expenditure, it is quite plausible that the “Delega” will mean a reduction in the level of LTC coverage through the IA (in the form either of a smaller amount of benefits per-capita and/or of a higher threshold level of needs in order to get into the program) (Dirindin, 2011).

The current Monti government, with a decision of December 2011, has deleted the ‘linear cut’ and replaced it with an increase in the VAT from 21% to 23.5%, from 1 October 2012: by this manoeuvre, the government expects significant revenue, although less than what would

⁴⁰ See: <http://www.sanita.ilsole24ore.com/PrimoPiano/Detail/1330471>.

⁴¹ See: <http://www.lavoro.gov.it>.

⁴² See for instance the blog by S. Fanti on disability in the website of one of the most important Italian newspapers: Il Corriere della Sera (www.corriere.it); or one of the main websites on disability-related issues www.Superando.it.

produce the 'linear cut' decided by the previous government. However, the 'safeguard clause' has been kept: the VAT increase would result in an increase in tax revenues amounted to EUR 32.7 billion in three years and would lead to the highest rates in Europe. It will not be applied if, before September 30, 2012, other measures to reorganize the "social expenditure" can produce a similar amount of savings of public expenditure, namely 29.5 billion. According to reliable estimates (Vecchiato 2011) the entire amount spent on Social Assistance in Italy in 2011 was equal to EUR 51 billion, of which 89% are cash transfers: it is evident then that the suggested cuts could represent a real 'social disaster' also for LTC.

2.4.3 Impact of EU social policies on the national level

The debate on the OMC in the field of LTC has not had any relevant apparent impact. In particular, the Italian NRP (April 2011) focuses only on the economic sustainability of public health care expenditure. What is missing in the rest of the NRP is any in-depth analysis and proposal for the access to long-term care (all the proposals contained in the NRP do not refer to Europe 2020 targets but just to the Annual Growth Survey actions, under the "Fiscal Consolidations" measures).

In particular, LTC is almost not being considered at all. Just two pages (NRP, pages 60-61) make reference to using more resources also for LTC and especially home care. As for health care, the only real impact of the EU can be traced in relation to the stability criteria and the Italian public debt and deficit: the very severe cuts proposal from the Berlusconi government in 2011 have been based on the necessity to reduce public expenditure in order to remain in the EURO Zone.

2.4.4 Impact assessment

At a first sight the Italian LTC system seems quite developed in terms of expenditure if compared with other European Countries (OECD 2011a).

However in the transformation of the Italian Welfare State of the last years, LTC issues continue to be neglected. Even if LTC has recently entered the public reform agenda and several national reform proposals have been advanced, the only public action specifically directed to address care issues in these last ten years was the creation of a very modest and temporary "National Fund for Dependency" in 2007, which then was totally shut down in 2011-2012.

Moreover, due to the lack of steering actions towards the emergence of a private and non-regulated care market and the absence of any national plan to improve and to increase LTC services, the Italian LTC public system has evolved from a familiaristic model to a more mixed one where caring needs are coped mainly by a mix of private resources and public ones (related mainly to the *Indennità di Accompagnamento*) with a marketization of care. As a matter of fact, the coverage of LTC services in more recent years is quite similar to the one registered a decade ago. The only real expansion in coverage happened in the main cash allowance program (the *Indennità*) (Costa 2012).

Recent reform discussions seem to focus on how to transform the "*Indennità*" and they mainly aim at cutting down the expenditure, which would make sense if there would be a similar discussion on a national plan for the development of LTC services (see section 2.4.5).

2.4.5 Critical assessment of reforms, discussions and research carried out

The Italian public LTC shows two different "sides" - one positive, the other one more problematic.

The positive side is that more than 11% of the elderly do receive some form of public coverage for their LTC problems and the public expenditure (in terms of GDP) is at a level not far from the one in other Western European LTC systems.

The problems occur at the composition of this coverage and the overall functioning of the system. Some of the main problems are the following:

- a. there is a territorial divide which makes it hard to describe Italy as a “one country” LTC system; the level of service provision in Centre-Northern Italy is getting closer to continental Europe, whereas in the South services are almost invisible; therefore, more and more, there is the risk that, in terms of social (LTC) citizenship’ rights, it would be better to talk about “two countries” (the North and the South) instead of one (Ascoli 2011);
- b. there are serious concerns about the possibility of stability of a system mainly cash allowances-based, which indirectly relies (too much) on family care responsibilities and on a private care market (quite often “grey” and made up of migrant women); with increase in labour market participation by women (also due to the pensions reform of 2011 which will increase the retirement age of potential carers – e.g. daughters and wives of frail elderly) the availability of informal care will decrease in the (near) future;
- c. the future seems even more worrying if the “Delega” (see point 2.4.2) will mean a drastic cut to public financing of the main universalistic Attendance Allowance Program.

Policy Recommendations: the need to transform the Indennità di Accompagnamento and to invest in social services

Italy has nowadays two main problems in LTC: a not satisfactory functioning of the “Indennità” and a low diffusion of social services (especially in the South).

The “Indennità” is a flat-rate cash allowance of around 480 per month. This amount is not related in any way to means-testing nor is graduated, as it happens in almost all the other EU countries, depending on how severe the dependency level is.

Therefore a good reform should:

- i. introduce a differentiation in the amount of resources given, depending on the dependency level (as it happens for instance in France, Spain, Austria and Germany);
- ii. introduce also some sort of means-testing; the Italian finance is in such a dire straits that public funding should be directly firstly to those more in need both in physical-psychical terms as well as in economic terms (as, for instance with the French APA).

Some of the possible savings from option “b” should be used to invest in LTC services, especially in Southern Italy.

2.5 The role of social protection in promoting active ageing

2.5.1 Employment

In light of the fast process of demographic ageing outlined in par. 2.2.4, active ageing is one of the crucial strategies in order to both preserve the sustainability of public pensions and maintain an adequate level of old age benefits in future decades.

However, when looking at indicators in a comparative perspective the critical condition of the elderly in the Italian labour market emerges. If overall employment rates are below the EU-27 average (56.9 vs. 64.1 in 2010), the situation is particularly critical in the age bracket 55-64 where the Italian rate was 36.6% in 2010, ten points below the EU-27 average (46.3%). Also, there is a gender dimension to be taken into account, with males 55-64 (47.6% IT vs. 54.6

EU27) relatively less disadvantaged than females (employment rate only 26.2% vs. 38.6% in the EU27). In a similar vein the average exit age from the labour force in 2009 (latest available data) was 60.1 in Italy in 2009 (61.4 in EU27), with differences between men - 60.8 years in Italy vs. 61.8 in the EU27 - and women - 59.4 vs. 61.0.

On the one hand, these figures are striking in light of the higher propensity to work among Italians. A recent Eurobarometer survey (Eurobarometer 2012) revealed that, on average, Italians expect to work until 64 years in comparison with a EU27 average of 61.7; in a similar vein 36% of Italian respondents – that is 3 percentage points higher than the EU27 average – were favoured an increase of the pensionable age by 2030.

On the other hand, data mirror the contradictory changes of both the pensionable age and the requirements to get entitled to seniority pensions introduced in the period 1992-2007 and already presented in the asisp Annual Report 2011. The legal pensionable age has been modified several times for the various categories of workers while differences between males and females have been first removed and then reintroduced. In particular, the re-establishment of a fixed and differentiated (for males/females) retirement age (65/60 years) in 2004 removed incentives to retire late provided by the combination of the previously flexible retirement age (from 57 to 65) with the NDC system – both introduced by the Dini reform in 1995. By the same token, the reform adopted in 2007 loosened eligibility conditions for seniority pensions which had been formerly tightened with the 2004 reform (see also the 2009 asisp Annual Report for details).

Nevertheless, measures passed in 2009 and above all those included in the 2011 reform presented in par. 2.2.1 (cfr. table 1) have made a major step forward in tightening retirement conditions which are also automatically linked with changes in life expectancy. Also, the possibility to combine pensions and income from work has been fully reintroduced in 2008, for workers subject to both the old DB system (being phased out) and the new NDC system.

Thus, an improvement of the indicators presented above can be expected in the next years (and decades) *provided that* sustained economic growth and developments in other policy sectors – first and foremost employment policy – also allow and contribute to promote active ageing. On the first front, as anticipated above, the crucial question regards the effective matching of an increased active population and labour demand (Mazzaferro and Morciano 2012). As for the second issue, same as other Continental and South European countries, Italy has in fact only partly abandoned the labour shedding strategies implemented since the early-1980s, not only by making retirement via seniority pensions more difficult but also closing “exit routes” such as special early retirement schemes. Introduced in 1981 this special scheme has been phasing out since the 1990s and the average annual stock of early retirement beneficiaries has significantly diminished, from about 165.000 beneficiaries to only 38.000 in 2000-08. Nevertheless, important “shock absorbers” such as CIGO and CIGS (*Cassa Integrazione Guadagni Ordinaria* and *Straordinaria*)⁴³ as well as the “mobility allowance”⁴⁴ may partly offset this decline⁴⁵.

⁴³ The special CIGO and CIGS schemes provide generous wage replacement (80% of previous wage) in case of (partial or total) working-time reduction without definitive dismissal. The coverage of these schemes is limited to about 40% of dependent workers, mostly employed in large firms in the industrial sector, while employees of small firms and most service activities are excluded. Moreover, the provision of these benefits is conditional upon a bargaining process between the government, the unions and employers.

⁴⁴ It is an unemployment protection scheme for dismissed workers already covered by CIGS. The replacement rate is 80% and benefits duration is 12 months, although it can be extended to 48 months (depending on the age of the worker and the territorial area) with a consequent reduction of the amount.

⁴⁵ See the full argument and data in Jessoula and Vesan (2011).

As a consequence, next to changes of pension rules, the likely future reform of labour market and employment policy, which is currently debated and negotiated between the government and the social partners, will play a major role in defining the actual chances for active ageing in Italy. In this perspective the possible introduction of a partial pension jointly with the promotion of part-time among older workers – as recently suggested by the Welfare Ministry – might represent useful strategies in order to achieve the goal. In addition, these measures might help to tackle the equity problems - discussed in par. 2.2.5 - deriving from the across-the-board and sharp increase of the pensionable age (after 2011). Last but not least, in order to achieve higher employment rates for elderly, stronger investment in active measures and especially lifelong training is necessary: actually, in 2010, the share of the population in the age bracket 55-64 involved in education or training was 2.5% for Italy, which is 2 and 3 points below the EU27 and EU15 averages respectively (Eurostat).

2.5.2 Participation in society

The main way through which the Italian social protection system promotes volunteer work is the “Law for the promotion of volunteering and voluntary organizations” n° 266 / 1991. The article 15 of this law prescribes that foundations with a banking origin (“Fondazioni Bancarie”) have to devolve each year part of their income to “Centers for the Promotion of Volunteering” (“Centri di Servizio per il Volontariato”- CSV). In Italy there are 77 CSVs, working mostly at the county level: these CSVs have offered counseling, training, financing and other similar activities to support around 50% of the Italian voluntary associations as well as many individuals willing to volunteer. They receive around EUR 100 million every year for their functioning⁴⁶. Given the fact that many associations are made by and also aim at helping elderly people or, anyway, people over 60, the CSVs play an important role in sustaining social activities and participation in society among the ageing population.

The Italian laws do not recognise unpaid / volunteer work as a possible contributory period for pensions.

2.5.3 Healthy and autonomous living

Looking at what has been written in paragraphs 2.2, 2.3 and 2.4 it can be argued that, in relative terms, until recently the Italian social protection system has focused primarily on the elderly and, therefore, indirectly, their autonomy has been promoted.

It is difficult to discuss the issue of whether the Italian Welfare State is putting as a political priority home care provision opposed to institutional care. The answer to this question is difficult for two reasons: of course in terms of health care and LTC planning and public discourses “ageing in place” strategies are considered the main goal to achieve; in practical terms, as shown in paragraph 2.4.1, home care services are not too developed. The way out from this paradox (a political approach in favour of ageing in place without a strong home care system) passes through the use by Italian households of a big private (migrant) care market, often “grey”. It should be reminded that: the attendance allowance (Indennità di Accompagnamento) the main LTC program in Italy; there is no need for households to be accountable on how they spend this allowance; there has not been so far a real State commitment to fight and to punish those involved (workers and households) in the “grey market” of care services. In this situation “ageing in place” becomes more a “mutual accommodation” model where households with frail elderly do not ask more home care

⁴⁶ For more information on CSVs see the following site, which is the official site of the CSV network: http://www.csvnet.it/usr_view.php/ID=0.

services and in exchange the State, indirectly, accepts that public transfers (the Attendance Allowance) are used to hire, often irregularly, care workers.

One important and positive aspect of the Italian social protection system in relation to healthy and autonomous living, is the fact that the health care system is working increasingly well in terms of prevention in order to avoid or delay dependency (see for instance some of the data reported in Table 4 about prevention, which, even if related only to specific types of prevention, are representative of the more general NHS prevention model). Moreover the Ministry of Health has introduced a “PASSI d’argento” national project, which follows directly the WHO 2002 directives on Active Ageing: the aim of the project is to build a “surveillance” mechanism, adopting a series of indicators, in order to have an information system able to give quickly data on health conditions of the elderly and the capacity of public services to answer to their needs⁴⁷.

⁴⁷ For more information, see: <http://www.epicentro.iss.it/passi-argento/default.asp>.

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3 Abstracts of Relevant Publications on Social Protection

[R] Pensions

- [R1] General trends: demographic and financial forecasts
- [R2] General organisation: pillars, financing, calculation methods or pension formula
- [R3] Retirement age: legal age, early retirement, etc.
- [R4] Older workers activity: active measures on labour market, unemployment benefit policies, etc.
- [R5] Income and income conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work, etc.

[H] Health

- [H1] Health expenditures: financing, macroeconomic impact, forecasting, etc.
- [H2] Public health policies, anti-addiction measures, prevention, etc.
- [H3] Health inequalities and access to health care: public insurance coverage, spatial inequalities, etc.
- [H4] Governance of the health system: institutional reforms, transfer to local authorities, etc.
- [H5] Management of the health system: HMO, payments system (capitation, reimbursement, etc.)
- [H6] Regulation of the pharmaceutical market
- [H7] Handicap

[L] Long-term care

[R] Pensions

[R4] JESSOULA, Matteo, VESAN, Patrik, (2011), Italy: limited adaptation of an atypical system (with P. Vesani), in CLASEN, Jochen, CLEGG, Daniel (eds), *Regulating the risk of unemployment. National adaptations to post-industrial labour markets in Europe*, Oxford, Oxford University Press, book chapter.

The chapter focuses on the transformation of the Italian system aimed at tackling unemployment in light of the transition to a post-industrial labour market in order to detect changes along three dimensions (*triple integration*). It pays particular attention to labour shedding and early retirement strategies, also providing available data for most recent years.

[R5] JESSOULA, Matteo (2012), A risky combination in Italy: Selective flexibility and defined-contributions pensions, in HINRICHS, KARL and JESSOULA, MATTEO (eds), *Labour market flexibility and pension reforms. Flexible today, secure tomorrow?*, Basingstoke, Palgrave, book chapter.

The chapter provides a detailed analysis of the interplay of labour market changes and pension reforms in Italy. I argues that, in the coming decades, old age security will be guaranteed only if the following conditions are met: participation and payment of full contributions in both the first and supplementary pillars, in combination with employment patterns allowing full uninterrupted careers and delivering at least average wages. These conditions seem to be out of reach for a large proportion of atypical workers mostly due to the selective implementation of both pension and labour market reforms in the last 15-20 years.

[R5] LEOMBRUNI, Roberto (2011), The lifetime gender gap in Italy. Do the pension system countervails labour market outcomes?, *Labor Working Paper n. 113*, October 2011.

The paper investigates the relationship between career gender gaps and old age protection by exploiting an original database on the entire work careers. By means of a microsimulation model the article shows that the pension system partially countervails labour market outcomes, implying lower differences in lifetime incomes. However, due to the current transition to an actuarially neutral system, the effect is expected to disappear in future decades, giving rise to concerns on the prospects of gender income inequality.

[R1] MINISTERO DELL'ECONOMIA E DELLE FINANZE (2011b), Le tendenze di medio-lungo periodo del sistema pensionistico e socio-sanitario, Rome, Official government report, retrieved on 20.7.2011 at http://www.rgs.mef.gov.it/Documenti/VERSIONE-I/Attivit--i/Spesa-soci/Attivit--d/2011/Le-tendenze-di-medio-lungo-periodo-del-sistema-pensionistico-e-socio-sanitario-Rapporto_n.12.pdf

This is the most updated official report on the Italian public pension system. It includes projections on both expenditure trends and the evolution of replacement rates in the next few decades. Published in summer 2011, however, it does not include the effects of the latest reform adopted in December 2011.

[R5] PATRIARCA, STEFANO (2011), L'adeguatezza del sistema pensionistico contributivo, Roma, INPS, article.

The report, commissioned by the National Social Security Institute (INPS), presents updated estimates of gross/net replacement rates for public pension for the next decades. Interestingly, replacement rates are calculated taking into account the (already legislated) increases of the age of retirement in 2012-2050

[H] Health

[H] CER GAS, Rapporto OASI 2011, Milano, Università Bocconi Editore (Egea), 2011.

"2011 OASI Report on the Italian NHS"

The OASI Report is, together with the Osservasalute Report, the most comprehensive annual publication on health care transformation in Italy. The 2011 Report provides a comprehensive overview of the structure and operational arrangements of the Italian NHS. It also provides detailed statistical information on the financial management of individual regional systems, and sheds light on the criteria which are used to set the tariffs for the various medical services. Other aspects which the report discusses include among others: a) primary health care in the light of the new contractual arrangements with general practitioners; b) the interaction between medical staff and health managers; c) ageing of medical staff and its consequences; local health agencies' strategies and goals in the context of budgetary discipline by regional governments.

[H] OSSERVATORIO SULLA SALUTE NELLE REGIONI ITALIANE, Rapporto Osservasalute 2011, 2011, Rome/retrieved from:

<http://www.osservasalute.it/>

"2011 Report on health in the Italian Regions"

The Report "Osservasalute" is, together with the OASI – Cergas publication, the most comprehensive annual publication on health care transformation in Italy. Single chapters are dedicated to health care needs and the main characteristics of the Italian NHS answer to these needs.

[H] MINISTERO DELLA SALUTE, Relazione sullo stato sanitario del paese. Anni 2009-2010, 2011, Roma, /retrieved from:

www.salute.gov.it/imgs/C_17_publicazioni_789_allegato.pdf

“National Report on the Italian health care and health status. Year 2009-2010”

The Report is the most updated government document on Health care and the health status of the Italian Population. The first part of the report deals with the transformation of needs (mortality, etc.). The second part focuses on people behaviours (drinking, etc.) and the third one on public provision. The last part of the document analyses more in depth the main rising issues concerning health care: technology, continuous assistance, etc.

[H2-H3-H4] PAVOLINI, EMMANULE (ed.), *Il cambiamento possibile. La sanità in Sicilia fra Nord e Sud*, 2011, Donzelli, Roma.

“The Possible Change. The Health Care System in Italy between North and South”

The book focus on how Italian Regions, responsible for managing the NHS, are trying to improve their performance. The book focuses mainly on Southern Regions, which are the ones traditionally with more problems in running their NHS.

[L] Long-term care

[L] OECD, *Help Wanted. Providing and Paying for Long-Term Care*, 2011, OECD (Paris)/retrieved from:

www.oecd.org/health/longtermcare/helpwanted/

The latest OECD study on LTC focuses on the impact for LTC policies an increasingly ageing society and the transformations in the labour market will have. The study focuses on many countries and among them also on Italy, considering issues such as: the impact of LTC on carers; the LTC professional world; current and expected LTC expenditures.

[L] BASILE, Rossella, *Tagli al welfare. C'è un futuro per le politiche sociali?*, RPS – Rivista delle Politiche Sociali, 2011, RPS/retrieved from:

<http://www.ediesseonline.it/riviste/rps>

“Welfare cuts. Is there a future of social policies?”

The article takes into consideration the recent expenditure cuts to social policy budget in 2010-2011 and, in particular, it provides data on LTC.

[L] MINISTERO DEL LAVORO E DELLE POLITICHE SOCIALI, *Secondo rapporto sulla non autosufficienza in Italia*, 2011, Roma.

“Second National Report on LTC. Year 2011”

The Report is the most updated government document on LTC. The first part of the report deals with the transformation of needs (ageing, etc.). The second part focuses on dependency and the third one on LTC public provision. The last part of the document analyses more in depth the main issue concerning LTC: home care, funding, residential care, dementia, etc.

Apart from the titles above, there is a series of Italian websites which regularly publish articles on pensions, health care and LTC:

- La Voce (www.lavoce.info)
- Nel Merito (www.nelmerito.com)

Both these websites have been created by a mix of social scientists and they host an updated and good quality debate also on Welfare State and Social Policies issues.

More specifically on health care and LTC, there are other four websites:

- Monitor (www.agenas.it/archivio_monitor.html): it is the official online journal of the National Agency for Regional Health Care Services;
- Il Sole 24ore sanità (www.sanita.ilsole24ore.com): it is the website of the main economic magazine specialized on health and health care (and LTC) issues;
- Panorama Sanità (<http://www.panoramasanita.it/ita/news.asp>): it is an online magazine discussing up to date information on health care and LTC;
- QS Quotidiano sanità (<http://www.quotidianosanita.it>): it is an online magazine discussing up to date information on health care and LTC.

4 List of Important Institutions

AGENAS, Agenzia Nazionale per i Servizi Sanitari Regionali – National Agency for Regional Health Services

Webpage: <http://www.agenas.it>

AGENAS is a public agency which provides technical support to the Ministry for Labour, Health and Social Policies but also to the Regions, concerning development strategies for the National Health Service. AGENAS also works in close cooperation with the State-Regions Board. Its mission includes evaluating whether and to what extent the Regions effectively guarantee health care standards. Further, it is responsible for monitoring health costs, system innovations but also waiting lists, and elaborating proposals on how to improve organisational arrangements.

Banca d'Italia – Central Bank of the Republic of Italy

Address: Via Nazionale, 91, 00184 Rome

Phone: 0039 (0) 06 47921

Webpage: <http://www.bancaditalia.it>

The Bank of Italy is the central bank of the Republic of Italy and part of the European System of Central Banks (ESCB) and the Eurosystem. It is a public-law institution and pursues aims of general interest in monetary and financial matters: price stability, the primary objective of the Eurosystem under the Treaty establishing the European Community (the EC Treaty); the stability and efficiency of the financial system, thus implementing the principle of the protection of savings embodied in the Constitution (Article 47(1) “The Republic encourages and protects saving in all its forms, it regulates, coordinates and controls the provision of credit”); and the other duties entrusted to it by Italian law. In performing its tasks the Bank operates autonomously and independently, in compliance with the principle of transparency and the applicable provisions of Community and Italian law. Consistently with the public nature of its functions, the Bank prepares information and data for maximum dissemination. It publishes various economic and legal publications, among others Annual Reports, Economic Bulletins, Regional Reports, Legal Research Papers, Economic Working and Occasional Papers.

CEIS, Centre for economic and international studies – University of Rome “Tor Vergata”, Rome

Webpage: <http://www.ceistorvergata.it/>

The Centre of Economic and International Studies (CEIS) is an internationally recognised research centre within the Faculty of Economics at the University of Rome, Tor Vergata. Its mission is to conduct high quality policy-relevant research on emerging economic issues that call for innovative and impact-oriented responses from the academic community; promote advanced training leading to post graduate degrees in key areas of economics thus empowering graduates to forge ahead and succeed in the field of economics. CEIS is dedicated to the generation and dissemination of outstanding research and analysis for the promotion of sustainable economic development, expanding and improving public policy options in Italy and around the world. Its research agenda covers diverse areas and fields of economics emphasising global macroeconomics topics, development and growth theory, international money and finance, energy and environment among others. One of the most important publications is the annual Health Report.

Centro Studi Investimenti Sociali (CENSIS) – Centre for Social Investments Studies

Webpage: <http://www.censis.it>

Description: Censis was founded as a social study and research institute in 1964, becoming a legally recognised Foundation in 1973 through Presidential Decree. In the last years Censis has conducted more than 60 research projects annually for a variety of clients, for the private and for the public sector, at local, national and international level. The most important areas of interest of Censis activities include: Education; Labour market; Welfare policies; Health; Local development; Cultural policies; Information; Mass media; Security, irregular migrants flows, trafficking of human beings. It has gained the reputation of being one of the most prestigious national research institutes in social sciences and economics. The main publication is the Annual Report.

CERP – Center for Research on Pensions and Welfare Policies

Address: Moncalieri, Turin

Webpage: <http://cerp.unito.it/>

CeRP is a research centre in Italy with a specific focus on pension economics and the economics of ageing. The main research topics include pension systems design, reform and evaluation; households' saving; retirement patterns, paths and choices; life insurance and annuities; intra/intergenerational redistribution induced by different pension systems; public policies and incentives towards retirement savings; intergenerational accounting; welfare policies directed at the elderly; participation in supplementary pensions; governance and financial aspects of pension funds. Research is performed both at the micro and at the macro level, and a special attention is devoted to policy aspects. CeRP is a research centre of the "Collegio Carlo Alberto". An important role is given to the dissemination of the research output, through conferences, seminars, publications and contributions to the debate on pension issues. CeRP has published several volumes and produces an important Working Paper Series.

CNEL, Consiglio Nazionale dell'Economia e del Lavoro – National Economic and Social Council

Address: Rome

Webpage: <http://www.cnel.it>

The National Economic and Social Council has a consultative role with respect to Parliament and the Executive. CNEL was established in 1957, according to article 99 of the Italian Constitution. It can initiate legislation and contribute to policy making in the economic and social field within the limits set by ordinary laws.

COVIP, Commissione Vigilanza Fondi Pensione – Pension Fund Supervisory Commission

Webpage: <http://www.covip.it/homepage.htm>

COVIP is an administrative authority which is responsible for controlling the management and activity of supplementary pension funds. It submits a yearly Report to the Minister for Labour, Health and Social Policy covering its monitoring activity and providing statistical information on supplementary pension schemes. It should guarantee information transparency and appropriateness in the management of private pension funds. It can also propose legislative reforms in the relevant field.

FEDERSANITA' ANCI – Local Health Units and Municipalities' organisation for health and social care services

Webpage: <http://www.portal.federsanita.it/>

Federsanità-ANCI is one of the two main national representative bodies of Local Health Units (together with FIASO) and Municipalities concerning all the aspects related to the integration of health and social care services.

FIASO – Federazione Italiana Aziende Sanitarie e Ospedaliere – Italian Federation of Health Agencies

Address: Rome

Webpage: <http://www.fiaso.net/>

FIASO is one of the two main national representative bodies of Local Health Units (together with Federsanità-ANCI) concerning all the aspects related to health care and the integration of health and social care services.

IRS, Istituto per la ricerca sociale – Institute for social research

Address: Via XX Settembre 24, Milan; Via Castiglione 4, Bologna; Via Etruria 47, Rome

Webpage: <http://www.irs-online.it>

IRS is a wholly independent, non-profit cooperative currently counting 60 members. Its proceeds derive exclusively from activities developed specifically for its clients. Its work is based on a multidisciplinary, fully integrated approach. IRS is part of various international research centre networks and closely collaborates with prestigious universities and qualified experts. IRS is articulated in seven areas: The Labour Market and Industrial Relations; Non-profit; Administrative Policies; Training and Labour Policies; Enterprise and Industry Policies; Social and Health Policies and Services; Urban Policies. One of the main publications is Prospettive Sociali e Sanitarie.

ISFOL, Istituto per lo Sviluppo della Formazione Professionale dei Lavoratori – The Italian Institute for the Development of Vocational Training for Workers

Address: Rome

Webpage: <http://www.isfol.it>

ISFOL is a public research body implementing and promoting studies, research and evaluation activities as well as information, advice and technical assistance actions in the area of vocational training, social and labour policies. The Institute's activities mainly contribute to improving human resource standards and increasing labour placement and social inclusion.

ISTAT, Istituto nazionale di statistica – The Italian National Institute of Statistics

Address: Rome

Webpage: <http://www.istat.it>

The National Institute of Statistics (Istat) has been working since 1926 as the main supplier of official statistical information in Italy. It collects and produces information on Italian economy and society and makes it available for study and decision-making purposes. Istat is a public research body acting in full autonomy, governed by a President and a board of directors that plan, direct and evaluate its activities. Books published by Istat – all available in the Virtual Bookshelf in Italian language – are collected in series (Yearbooks, Information, Subjects, Methods and Rules, Statistical Annals, Statistical Indicators, Essays) and by subjects. Among the general publications the Annual Report analyses emerging phenomena, the Italian Statistical Yearbook summarises the results of the main surveys conducted by Istat and other National Statistical System bodies, the Monthly Statistical Bulletin updates current information.

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/social/main.jsp?catId=327&langId=en>