

SOCIAL PROTECTION SYSTEMS IN EUROPE: SLOVENIA

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Introduction

Slovenia became an independent State in 1991¹ and after that, it became a member of the United Nations in 1992, a member of the Council of Europe in 1993, a member of the EU on 1 May 2004, a member of the European Monetary Union on 1 January 2007 and a member of the OECD in 2010. It is a parliamentary democratic republic.

Slovenia has around 2 million inhabitants. Slovenia's population is ageing. People over 65 years of age represented 10.8% of total population in 1991 and around 17% in 2012. The employment rate is around 65% (slightly below 70% in 2008, before the crisis). Slovenia has one of the highest employment rates of women in the EU (64.2% in 2008; due to the crisis, it has been slightly decreasing recently). It has one of the lowest employment rates of older people over 55 years of age in the EU (around 31% in 2011). Since the end of 2008, the unemployment rate has been increasing due to the current economic crisis; nevertheless, it is still below the EU average (measured on the basis of the labour force survey, it was 4.4% in 2008 and 8.9% in 2012). The young were especially hit by the current economic crisis; their unemployment rate was 20.6% in 2012. GDP *per capita* was 18,420 EUR in 2008 and 17,244 in 2012 and is below the EU average.²

The share of population living below the poverty threshold was 11.3% in 2009 and 13.6% in 2011. It is below the EU average (16.9% in 2011). Social transfers reduce the poverty risk by around 44%.³

However, the social protection expenditure in Slovenia is below the average of the EU and the Euro area. The expenditure on social protection amounted to around 21% of GDP in 2008 (around 26% in the EU) and to around 25% in 2010 (around 29% in the EU).⁴ The distribution of social protection expenditures is as follows: around 45% for old age, including survivors, around 32% for health care,

¹ In the 20th century, the territory of Slovenia successively formed a part of five different states: the Austro-Hungarian Empire (until the end of the World War I), the State of Slovenians, Croats and Serbs (Oct – Dec 1918), the Kingdom of Yugoslavia (between the two World Wars), the Socialist Federative Republic of Yugoslavia (after the World War II, until 1991) and the Republic of Slovenia (from 1991 onwards). History had an impact on the development and current characteristics of the social protection system in Slovenia.

² *Statistical Office of the Republic of Slovenia* (2012): Statistical Yearbook 2012, Ljubljana; *Institute for Macroeconomic Analyses and Development* (2011): Development Report 2011, Ljubljana, p. 190–194; *European Commission* (2013): EU Employment and Social Situation – March 2013: Special Supplement on Demographic Trends, Publications Office of the EU, Luxembourg, p. 6-11; *European Commission* (2012): Employment and Social Developments in Europe 2012, Publ. Office of the EU, Luxembourg, p. 402-431; *Eurostat* (2013): Unemployment statistics (http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics), April 2013); *Eurostat* (<http://ec.europa.eu/eurostat>); *Statistical Office of the Republic of Slovenia* (www.stat.si).

³ *European Commission* (2012), p. 463, 467.

⁴ Data for 2011. *Eurostat* (2012): Social Protection statistics (http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Social_protection_statistics), Sept 2012).

around 9% for family/children, around 7% for disability, around 3% for unemployment and around 2.5% for housing and social exclusion and the rest for other benefits.⁵ The major source of social protection receipts are social security contributions paid by the insured persons (around 41% of total receipts), followed by employers' contributions (around 28%) and contributions of the State, including both the central and the local governments (around 30%).⁶

Social protection in Slovenia forms a very complex system. It is based on public compulsory social insurance schemes for different social risks as a consequence of the tradition of the Bismarck type of social security.

The compulsory social insurance covering the risk of work injuries was introduced in 1887 and the compulsory sickness insurance in 1888; compulsory social insurance for certain categories of workers or certain industries had been introduced even earlier (at that time, Slovenian territory was a part of the Austrian-Hungarian Empire). In early 1920's the new law introduced a unified and centralized system of social insurance within Yugoslavia. A compulsory social insurance covered the loss of ability to work due to illness, including pregnancy and confinement, occupational injury, disability, old age and death. Unemployment insurance was regulated by a special act in late 1930's. The system followed the characteristics of the previous Austrian, Bismarck model of social security (financed by contributions, shared between workers and employers; compulsory participation of all employees; special funds, administered by the employers' and the employees' representatives; no means-testing).⁷

After World War II, Slovenia was one of the republics of Yugoslavia governed as a socialist state. After the political conflict with the Soviet Union in 1948, Yugoslavia developed its own socialist system based on the concepts of social ownership and workers' self-government and social security system has been developing further as well.

From 1991 onwards, the Republic of Slovenia adopted new acts in the field of social security: the new legislation on unemployment insurance in 1991 and in 1992, the new legislation on health care and health insurance, pension and invalidity insurance as well as social assistance, whereas the new legislation on parental insurance was enacted in 1993. The new laws laid the foundations for further development of social security system in Slovenia. During the last twenty years, economic and social changes necessitated further changes in social security legislation, therefore, most of the acts in the field of social security went through numerous, more or less substantial, amendments or were replaced by new acts. Recently, new legislation was introduced in the field of unemployment insurance (in 2010, amended in 2013), in the field of social assistance (in 2010/2011, amended in 2013) and in the field of old-age and invalidity insurance (at the end of 2012). A reform of the health insurance and health care as well as a reform of parental protection are being discussed. The introduction of a new social insurance scheme for long-term care has been in preparation for some time as well, but has not yet been enacted, mostly due to its financial burdens. It can be expected that in the near future health care and long-term care will undergo important changes as a part of structural reforms in Slovenia as

⁵Data for 2010. *European Commission* (2012), p. 463.

⁶ *Eurostat* (2012). Data for 2009. In the EU, on average, the general government contributions represent around 38%, employers' contributions represent around 37% and the contributions paid by the insured persons around 20%.

⁷ More on the evolution of social security before the World War II see *Kresal, F.* (1998): *Zgodovina socialne in gospodarske politike v Sloveniji od liberalizma do druge svetovne vojne* [History of Social and Economic Policy in Slovenia from Liberalism until the Second World War], Cankarjeva založba, Ljubljana, p. 9-80, 151-199.

well.

Public servants or employees in the public sector are covered by the same social security legislation as other employees; they are included in the general schemes of social insurance. There are some exceptions for certain professions or areas (for example police or defence forces etc.), however, in general, there is only one integral social insurance and social security system in Slovenia, covering employees, self-employed, public servants and other groups of population.

1. General characteristics of the social protection system in Slovenia

1-1 The right to social security is protected by the Constitution

In the Constitution, Slovenia proclaimed itself as “a state governed by the rule of law and a social state”. The constitutional principle of social state forms the foundation for the social protection system in Slovenia. Stemming from this fundamental principle of social state, there are some more specific fundamental social rights set out in the Constitution which are relevant for social protection, i.e. the right to social security, the right to health care, an explicit provision on the rights of persons with disabilities as well as provisions on the protection of the family, motherhood, fatherhood, children and young people, etc. Many other constitutional provisions are of great importance in the field of social protection, especially the provision on equality and non-discrimination as well as the provision which guarantees the right to personal dignity and security.

The right to social security is explicitly recognised as a human right in the Constitution. According to the case law of the Slovenian Constitutional Court, rights to different cash benefits stemming from social insurance schemes, including the pension, are protected not only by the constitutional right to social security, but also by the right to property as guaranteed by the Constitution.⁸

1-2 Basic structure and organisation

The Slovenian social security system can be divided into five main fields:

- pension and invalidity insurance;
- health insurance and health care;
- unemployment insurance;
- parental insurance and family benefits;
- social assistance.

Pension and invalidity insurance, health insurance and unemployment insurance are three main social insurance schemes which are financed by the contributions of employers and employees and other insured persons. There are also voluntary, supplementary social insurance schemes. Approximately 85% of all persons covered by the compulsory health insurance have a voluntary supplementary health insurance as well, whereas voluntary supplementary pension insurance is not that widespread in Slovenia. Parental protection is a combination of social insurance and social assistance. Based on the principle of subsidiarity, there is a social assistance scheme with care services and cash social assistance benefits.

The structure of social insurance contributions for the employed persons, including the public servants,

⁸ Judgment of the Constitutional Court of the Republic of Slovenia, No. Up-770/06, 27 May 2009, Official Journal of the Republic of Slovenia, No. 54/2009.

is the following:

	EMPLOYEE	EMPLOYER	TOTAL
HEALTH INSURANCE	6.36%	6.56% 0.53% (for occupational injuries and diseases)	
PENSION AND INVALIDITY INSURANCE	15.50%	8.85%	
UNEMPLOYMENT INSURANCE	0.14%	0.06%	
PARENTAL INSURANCE	0.10%	0.10%	
TOTAL	22.10%	16.10%	38.20%

Social insurance schemes are administered by autonomous self-administrative social institutions: the Health Insurance Institute of Slovenia, the Pension and Invalidity Insurance Institute of Slovenia and the Employment Service of Slovenia.⁹ Social partners are managing these institutions; the Assembly of Pension and Invalidity Insurance Institute, the Health Insurance Institute and the Employment Service Board consist of the representatives of the employees and other insured persons, the users, the employers and the Government. Territorial organisation of these institutions is well developed and spread over the whole territory of Slovenia; they have regional units and local offices. Rights from the parental insurance, family benefits and social assistance are dealt with by the Centres of Social Work.¹⁰

1-3 General national social insurance schemes also for the public servants

In Slovenia, public servants do not have a special, separate social insurance scheme(s). They are covered by the same national social insurance schemes (health insurance, pension and invalidity insurance, unemployment insurance, parental insurance) as other employees as well as the self-employed, farmers and other categories of insured persons. The same rules on family benefits and social assistance apply to public servants as to all other beneficiaries.

Within the pension and invalidity insurance, special collective supplementary pension insurance scheme for civil servants exists, however, it is a part of the integral uniform system of pension insurance. This scheme has been introduced on the basis of the general rules on supplementary pension insurance in the pension legislation which apply to all other employees and employers.

1-4 Some critical observations

Legislation in the field of social security changes very quickly and some important acts in this field have been changed even several times in the same year.¹¹ This makes certain acts, regulating social insurance schemes or social assistance scheme less readable and transparent and not easy to understand for an average user.

In 2010, important conceptual changes have been introduced in the social assistance scheme for many different means-tested social benefits, subsidies and payments, affecting many people. These changes have been strongly criticised (see, for instance, the report of the Social Protection Institute of the

⁹ Health Insurance Institute: www.zzvs.si/indexeng.html; Pension and Invalidity Institute: www.zpiz.si/; Employment Service of Slovenia: english.ess.gov.si/.

¹⁰ There are sixty-two Centres of Social Work covering the whole territory of Slovenia; they are public social institutions, they are associated into the Association of Centres of Social Work www.scsd.si/home.html.

¹¹ However, on the other side, certain important areas of social security are waiting to be regulated by new legislation for years (for example, long-term care etc.).

Republic of Slovenia)¹² and the Ministry prepared important amendments in 2013.

Periodical adjustments of social benefits are very important, especially for the recipients who are highly dependent on them. According to the general rules, social benefits should be adjusted twice a year. Due to the recent crisis, the State intervened several times in the regular adjustment scheme for social benefits and other public transfers, either to postpone the adjustment or to decrease the adjustment rate.

2. Main social risks and the corresponding fields of social security

2-1 Health insurance and health care

Within the health insurance, the compulsory scheme forms the fundamental part. Different voluntary schemes of health insurance were introduced in the early 1990s. Compulsory health insurance has a very broad personal scope of application; it applies to almost the entire population of Slovenia. Besides employees, public servants, the self-employed, farmers and other groups of active working population, the compulsory health insurance applies also to people receiving different social benefits or any other regular income if they have permanent residence in Slovenia and also to persons who are not receiving any income if they are Slovenian¹³ citizens and have permanent residence in Slovenia. If a person is not able to pay contributions for him or herself, since he/she does not have any income, the payment of their contributions is covered by the budget. Compulsory health insurance covers dependant family members of the insured, such as children, as well.

There is one uniform compulsory health insurance scheme in Slovenia covering all insured persons and their dependent family members. The Health Insurance Institute of Slovenia is the carrier and provider of compulsory health insurance in Slovenia. It is a public institution which operates uniformly in the entire territory of Slovenia. Its seat is in Ljubljana. The Institute comprises of ten regional units and a network of forty-five local offices distributed over the territory of Slovenia, ensuring a high level of accessibility of its services.

The Health Insurance Institute is responsible for the management of the compulsory health insurance financial funds, the implementation of the rights deriving from the compulsory health insurance and the management of relations with healthcare services providers. Rights of the insured persons to healthcare services and benefits are in general regulated by legislation. A detailed scope of these rights as well as the procedures, standards and other aspects of their implementation are defined by the management bodies of the Health Insurance Institute in agreement with the State authorities.¹⁴ Besides, the Health Insurance Institute negotiates with healthcare services providers within the publicly financed network, determining the scope of the healthcare programmes and their costs as well as all other aspects of organizing, implementing and financing of the healthcare services within the public network. Therefore, the Institute plays a central role in the health insurance system in Slovenia.

The most important rights out of the compulsory health insurance are:

¹² *Inštitut za socialno varstvo* (2013): *Ocena učinkov izvajanja nove socialne zakonodaje* [Evaluation of the effects of the new social legislation], Ljubljana.

¹³ The same rule applies to citizens of other Member States of the EU and European Economic Area and to Swiss citizens.

¹⁴ The Institute adopts the Rules of the compulsory health insurance which determines in detail the scope, the standards and the procedures for the execution of the rights deriving from the compulsory health insurance.

- the right to healthcare services (medical treatment, medicines and medical technical aids) and
- the right to a sick pay during temporary incapacity to work.

Other rights out of the compulsory health insurance are death grant, reimbursement of the funeral expenses and reimbursement of travel expenses related to the use of medical services.

The right to healthcare services encompasses services at the primary health care level, dentist services, healthcare services in homes for elderly and some other social care institutions, home treatment and nursery, specialist out-patient services, hospital and tertiary level healthcare services. In addition to medical services, the right to healthcare services also encompasses the right to health resort treatment, rehabilitation treatment, transport by ambulance and other vehicles, medicines, medical technical aids. For certain healthcare services the entire expenses are covered by the compulsory health insurance, however, for the majority of healthcare services only a certain percentage of the whole value is covered by the insurance (for instance 90%, 80%, 60%, for some services even only 10% coverage rate is foreseen) and the rest has to be covered by the insured person him or herself (however, practically all insured persons in Slovenia have concluded the voluntary supplementary health insurance for co-payments).

The European Commission criticised the Slovenian regulation of voluntary health insurance scheme for co-payments (distortion of competition among private insurance companies). Strban emphasises that “co-payments and voluntary health insurance are being contested also in Slovenia” and that “they are both perceived as unjust, as all insured persons, regardless of their income, have to pay the same amount of co-payments or insurance premiums”.¹⁵ It is expected that such a system of co-payments will be changed, there are different proposals how to deal with this problem.

In Slovenia, health care is a public service provided through the public health service network which comprises the public health institutions and, on an equal basis, private physicians and other private healthcare providers on the basis of concessions. There is a growing share of private healthcare providers; their share in the total healthcare services is around 10%. The majority of the private health sector remains incorporated into the public health insurance schemes on the basis of a concession and a contract with the Health Insurance Institute.

The right to sick pay is a compensation for the loss of salary or other income during the absence from work. Sick-pay is granted to an insured person who is temporarily absent from work due to illness or injury or some other reasons related to health care. The basis for this right is the respective decision taken by a personal physician or by an appointed physician or by a health committee of the Health Insurance Institute that a person is temporarily incapable for work. A person is also entitled to the compensation for the loss of income if he or she cares for a sick child and is absent from work due to that reason. In general, for the first 30 days of absence, i.e. incapacity for work due to illness or injury, the sick pay is covered by the employer and from 31st day of absence onwards the sick pay is compensated by the compulsory health insurance; there are many exceptions and special rules. For example, the sick pay is compensated entirely by the compulsory health insurance from the first day of absence onwards in case of transplantation, work injury, caring for a sick child etc.

The calculation basis for determining the amount of sick pay is an average monthly salary. There are

¹⁵ Strban, G. in: Kresal, B./Kresal Šoltes, K./Strban, G. (2012): Social Security Law in Slovenia, Kluwer Law International, Alphen an den Rijn, p. 71.

complex rules as regards the compensation rate which differs depending on the reason for the person's absence from work.¹⁶

2-2 Pension and invalidity insurance

Within pension and invalidity insurance the following persons are compulsory insured: employees, including public servants, self-employed, farmers and persons carrying out another gainful activity within Slovenia as well as persons receiving certain social benefits (for instance, unemployment benefit, parental benefits, etc.). There is only one uniform compulsory pension and invalidity insurance scheme, which covers the entire territory of Slovenia and all insured persons. There are no special separate pension schemes for public servants or self-employed persons etc. They are all covered by the same pension and invalidity insurance. The Pension and Invalidity Insurance Institute of Slovenia is the carrier and provider of the compulsory pension and invalidity insurance. The Institute is responsible for the entire system, which is uniform and centralized. The seat of the Institute is in Ljubljana; the Institute has nine regional units with its headquarters in all bigger cities in Slovenia and four local offices.

Pension and invalidity insurance in Slovenia is based on a multi-pillar structure. "The first pillar is a public one, mandatory pension and invalidity insurance based on intergenerational solidarity. This means that it is a pay-as-you-go system (repartition system) with defined benefits. ... The second pillar is composed of two parts. The first part is only for persons who cannot work after reaching a certain age or perform hazardous and health-damaging work. It is mandatory and paid by the employer. It could be argued that it is still part of the first pillar. ... The second part of the second pillar is the voluntary supplementary pension scheme. It might be financed (partially or fully) by the employer (collective insurance) and/or the insured person himself/herself (individual insurance). Access is guaranteed only to persons insured under the first, public pillar. The second, voluntary part of the second pillar is somewhere in between public and purely private pension insurance. On one hand, it is subsidized by the state in the form of tax benefits (tax reductions) for the employer and the employee when paying the premiums. On the other hand, it is administered by the approved private pension funds. Under this part, a supplementary pension can be granted. ... In Slovenia, the first (public) pillar is still the most important one in providing income security in old-age and the second pillar (with the aforementioned exception) is voluntary."¹⁷

Voluntary pension insurance is carried out in open-end and closed-end mutual pension funds. Within the second pillar (individual or collective supplementary insurance) and the third pillar (private pension insurance), different voluntary supplementary pension insurance schemes are offered, which are operated as a pension fund. A pension fund can be organized as a mutual pension fund, an umbrella pension fund or a guarantee fund. A pension company, an insurance company or a bank can establish and manage a pension fund. The pension and invalidity insurance legislation regulates in detail the conditions for establishment and management of different pension funds.

Out of the public compulsory pension and invalidity insurance, the insured persons are – under the

¹⁶ In general, during the first 30 days of absence the sick pay amounts to 100% of the basis in case of occupational illness or injury at work and to 80% of the basis if the illness or injury is not related to work. There are different percentage rates when the Health Insurance Institute compensates the payment of sick-pay. Besides, due to the recent crisis, the percentage rates have been reduced. However, there are numerous special rules for specific situations (for example, transplantation, blood donation, caring for a sick child etc.).

¹⁷ Strban, G. in: *Kresal, B./Kresal Šoltes, K./Strban, G. (2012)*, p. 155-156.

prescribed conditions – entitled to the following rights:

- the right to an old-age pension, including an early and a partial old-age pension,
- the right to an invalidity pension,
- the right to a widow/widower's pension and a family pension,
- the right to additional benefits (for example, assistance and attendance allowance etc.).

The new legislation regulating pension and invalidity insurance, which entered into force on 1 January 2013, increased the retirement age and introduced equal conditions for men and women. A gradual increase of retirement age is foreseen, in general and with some special rules, until 2020. After the transitional period, the retirement age will be 65 years of age for both, men and women, and the minimum retirement age for entitlement to an early old-age pension will be 60 years of age for both, men and women.

Conditions to obtain an old-age pension refer, in general, to a certain minimum age, which has to be reached by the insured person, and to a certain minimum qualifying insurance period, which has to be fulfilled by the insured person. A person is entitled to an old-age pension when reaches 65 years of age under the condition that he or she has been insured at least 15 years long before the retirement. However, if a person has at least 40 years of pension period, which encompasses insurance period as well as certain other periods added to it, but not purchased periods, he or she is entitled to an old-age pension under the condition that he or she has reached 60 years of age. As already mentioned, transitional periods during which conditions for men and women will gradually be equalized and increased are foreseen.

There are many exceptions and special rules to this general scheme for retirement which cannot be described in detail. For example, possibility to obtain an early old-age pension has been introduced again into Slovenian pension legislation, but a person would receive a reduced amount of a pension in this case. Certain special circumstances are taken into consideration allowing to lowering the required minimum retirement age without any reduction in the amount of a pension. In such cases, a person can retire earlier than according to the general rules. Such cases are, for example, caring for a child during the first year after a child has been born, periods of mandatory military service and periods of employment before reaching 18 years of age. For example, for one child the retirement age is lowered by six months, for two children by sixteen months and for three children by twenty-six months etc. As a rule, the retirement age can be lowered only to 58 years of age for men and 56 years of age for women.

The amount of an old-age pension depends on the level of the pension calculation basis (which is calculated from average monthly salaries or other income of the insured person during a certain period of time; there are precise and complex rules, including the indexation rules) and the percentage by which the pension is calculated from the basis (which, in general, depends on the length of the insurance period during which the contributions have been paid, with some exceptions and special rules).

The period of time which is taken into account for the calculation of the average salary has been prolonged in the new legislation (from 18 to 24 months); that means that, as a rule, the calculated average salary will be lower than before the pension reform and, consequently, the pension calculation basis out of which the amount of the pension is calculated using the respective percentage, will be lower as well. The law lays down rules what earnings (salaries, other earnings; special rules as regards

part-time, etc.) are taken into account when determining the pension calculation basis. The minimum and maximum pension calculation bases are set by the law as well.¹⁸ Out of the pension calculation basis, the pension is calculated by using the respective percentage determined on the basis of the pension qualifying period or insurance period fulfilled by the insured person. This percentage differs for men and women, besides bonuses and maluses are foreseen. In case a person defers a retirement, the percentage is increased and in case of an early retirement, the percentage is reduced.¹⁹ Bonuses can increase the amount of the old-age pension; there is no upper limit, no maximum percentage prescribed by the law. Since the rates have been changed, the transitional period is foreseen during which this new system of the calculation of the amount of an old-age pension will gradually be introduced.

According to the Slovenian pension legislation, a person can – under the prescribed conditions – claim the right to a partial old-age pension (and remain in employment or other active status as an insured person, still working on a part-time basis) as well as an early old-age pension. Besides, pensioners are under prescribed conditions entitled to certain additional old-age benefits. A widow/widower's pension and a family pension are foreseen in the legislation as well. There are detailed rules regulating all these rights out of the compulsory pension and invalidity insurance which will not be described further.

Persons with disabilities are entitled to the following rights out of the compulsory pension and invalidity insurance:

- invalidity pension,
- occupational rehabilitation,
- reassignment and allowance,
- part-time work and partial invalidity benefit,
- invalidity allowance.

In general, rights depend on the characteristics of the disability,²⁰ as well as on the cause of the disability;²¹ besides, the age of the person with disabilities claiming the rights is taken into account as well as the insurance periods fulfilled prior to the occurrence of the disability.

If a person was an active insuree, when disability occurred, i.e. was in active insurance, no qualifying pension/insurance period is needed in order to be entitled to rights out of the compulsory pension and invalidity insurance; however, if that is not the case, a certain insurance/pension qualifying period is

¹⁸ In June 2013, the minimum pension calculation basis amounted to approximately 750 EUR and the maximum pension calculation basis amounted to approximately 3,000 EUR.

¹⁹ For fifteen years of insurance period (minimum) the percentage is 26% for men and 29% for women; then, this percentage is increased by 1.25 for each additional year of insurance or pension qualifying period. In June 2013, the minimum old-age pension amounted to approximately 200 EUR per month (if a minimum percentage and a minimum pension calculation base are taken into account: 26% of 750 EUR in June 2013). For a full pension qualifying period (40 years), if no special rules, no bonuses and maluses apply, the old-age pension amounts to 57.25% of the pension calculation basis (men) and to 60.25% of the pension calculation basis (women). If a maximum pension calculation basis and a percentage for a full pension qualifying period of 40 years were taken into account, the old-age pension amounted to approximately 1,800 EUR per month (June 2013).

²⁰ Full or partial; category I, II or III, depending on the extent of the loss of capacity of a person to engage in gainful activities and on his or her remaining capacity for work, such as whether a person is capable of performing work on a full-time basis or just part-time basis, at his or her previous workplace or at another workplace, whether additional training, rehabilitation is needed etc., or a person is not capable of performing any work at all.

²¹ Caused by an accident at work/occupational disease or by an illness/ injury not related to work.

required for obtaining the disability rights out of the compulsory pension and invalidity insurance.

Further, for instance, if someone's disability has been caused by an accident at work or an occupational disease, no insurance/pension qualifying period is required.

The law regulates in detail the procedure and the conditions when assessing someone's inability to work and his or her remaining capability of performing gainful activities. A periodical reassessment is possible.²²

The law regulates in detail different rights of persons with disabilities out of the compulsory pension and invalidity insurance. There are many exceptions and special rules for specific situations. In general, if a person is not capable of performing work anymore, a person is entitled to an invalidity pension.²³ The amount of an invalidity pension is calculated out of the pension calculation basis which is determined according to the same rules as in the case of an old-age pension; however the percentages may be different.²⁴

The law also regulates in detail the right to occupational rehabilitation and other rights of persons with disabilities out of the compulsory pension and invalidity insurance (reassignment, part-time work, different benefits etc.).

2-3 Unemployment insurance

Unemployment insurance is compulsory for the employees, for the self-employed persons as well as for some other categories of population performing a kind of economic activity or receiving certain social benefits. Citizens of Member States of the EU, the European Economic Area and Swiss citizens have equivalent rights to those of Slovenian citizens.

Although the unemployment insurance scheme is formally a social insurance scheme, the contributions do not represent the main source for financing the rights out of this insurance; the main source is the State budget.²⁵

²² If invalidity benefits have been granted before 45 years of age, as a general rule, regular medical checks are foreseen at least every 5 years. Invalidity commission can decide that no medical checks are needed, that medical checks are obligatory also after a person has reached 45 years of age, that medical checks have to be more or less frequent than once in each five years, etc..

²³ Besides, persons with less severe disability who still have a remaining capability of performing work, classified into the category II, can be entitled to an invalidity pension if they are not capable of performing other full-time work without an occupational rehabilitation, but they are over 55 years of age and therefore not entitled to the occupational rehabilitation any more. Besides, for instance, if a person is not capable of performing another part-time work for at least 4 hours a day without occupational rehabilitation, he or she may be entitled to an invalidity pension if over 50 years of age and therefore not entitled to an occupational rehabilitation in this case. Further, an invalidity pension can be obtained by persons with disabilities classified into invalidity categories II or III to whom another appropriate employment is no longer guaranteed because they have reached 65 years of age.

²⁴ If disability has been caused by an accident at work or an occupational disease, the invalidity pension amounts to 57.25% of the calculation basis (the same percentage as for a full pension-qualifying period for men, i.e. 40 years, in case of an old-age pension) or to a higher percentage rate of the basis corresponding to the actual pension period fulfilled by the person concerned. If disability has been caused by an illness or injury not related to work, the amount of the invalidity pension depends on the actual pension period completed by the person concerned, according to the similar rules as those for old-age pensions, however, without any reductions related to age. Percentage rates are higher than for old-age pensions: the minimum invalidity pension amounts to 36% of the basis (men) and 39% of the basis (women) if disability occurred before 65 years of age. If disability occurred after a person had reached 65 years of age, the invalidity pension amounts at least to the amount of an old-age pension for fifteen years of the insurance period (26% for men and 29% for women). There are some additional special rules as regards the calculation of the qualifying period, the percentage rate, etc.

²⁵ In 2012, for example, contributions for unemployment insurance covered only 8.9% (this share was 12.3% in 2010 and

Unemployment insurance is carried out by the Employment Service of Slovenia which is organized uniformly for the entire territory of Slovenia. Its seat and headquarters are in Ljubljana. Besides the Central Office in Ljubljana, there are twelve regional units and fifty-nine local work offices. Local offices provide clients with job placements and counselling, implement the rights arising from unemployment insurance and carry out active employment policy programmes.

Rights out of the unemployment insurance are:

- the right to unemployment benefit,
- the right to pay compulsory social insurance contributions,²⁶
- the right to pay pension and invalidity insurance contributions²⁷.

The most important right out of the unemployment insurance is the unemployment benefit. A person has to fulfil the conditions laid down by the legislation.

It is necessary that a person has been insured for at least nine months in the last twenty-four months before the unemployment occurred. There is a special rule for younger than 30 years of age: at least six months of insurance in the last twenty-four months. Another condition is that a person has become unemployed involuntarily, i.e. against his or her will and with no fault of his or her own. Besides, a person has to have the legal status of an unemployed person: that is a job-seeker who is capable of work, registered with the Employment Service of Slovenia, actively seeks employment and is prepared to accept any appropriate or suitable job offered by the Employment Service or another provider of labour exchange services and who does not have a status incompatible with the status of an unemployed person.²⁸ Another condition is that there is no appropriate or suitable job for this person.²⁹ Finally, the person has to reside in the Republic of Slovenia (exceptions according to the international agreements).

Duration of the unemployment benefit:

INSURANCE PERIOD	YEARS OF AGE	MAXIMUM DURATION OF THE UNEMPLOYMENT BENEFIT
6 MONTHS	< 30 years of age	2 months
9 MONTHS – 5 YEARS		3 months
5 – 15 YEARS		6 months
15 – 25 YEARS		9 months
> 25 YEARS		12 months
> 25 YEARS	> 50 years of age	19 months
> 25 YEARS	> 50 years of age	25 months

Unemployment benefit is calculated on the basis of average monthly salary within the period of eight

18.8% in 2005) of all expenditures for unemployment benefits and other rights arising from unemployment insurance.

²⁶ If a person is receiving an unemployment benefit, the Employment Service of Slovenia is paying the compulsory social insurance contributions for this person during this time.

²⁷ If after the expiry of the unemployment benefit, only one year is missing for a person to meet the prescribed minimum conditions for obtaining the right to an old-age pension. There are certain exceptions and special rules for older persons.

²⁸ For example, employment relationship, self-employment, membership in the management body in a partnership, status of a farmer, a pensioner, a secondary-school student, apprentice, university student etc.

²⁹ Appropriate job: open-ended or fixed-term contract of employment for full or part-time work, workplace no further than a three-hour drive using public transport or transportation organized by the employer from the person's place of residence, required education is equal to the type and level of completed education of a person or of a previous job before the unemployment. Suitable job: the same as above for the appropriate job, with the exception that the required education is equal or one level lower to the level of completed education of a person or of a previous job before the unemployment. Suitable job may be offered to the unemployed person after three months from the registration. There are some special rules for parents with young children.

months prior to unemployment (with certain exceptions). Amounts are:

PERIOD	AMOUNT
FIRST 3 MONTHS	80% of the basis
NEXT 9 MONTHS	60% of the basis
FROM THE 13. MONTH ONWARDS	50% of the basis

The law prescribes the minimum and the maximum amount of the unemployment benefit.

There are detailed and rigorous rules laid down in the legislation regulating the questions such as when a person loses the unemployment benefit before its expiry of the maximum duration, when the unemployment benefit can be suspended, when and for how much it can be reduced due to other income of the unemployed person, etc.

2-4 Parental insurance and family benefits

Compulsory social insurance for parental protection covers employees, including public servants, self-employed persons, farmers and certain other categories of population receiving different social benefits. Out of the parental insurance scheme the beneficiaries are under the prescribed conditions entitled to different rights connected to the birth of a child, such as maternity, paternity, parental and adoptive parents' leave, compensation benefit during that leaves, etc. Besides, parents are entitled to different family benefits which are not rights arising from the parental insurance, but are financed from the State budget (birth grant, child benefit, a large family supplement, etc.).

Parents are eligible for paid maternity, paternity and parental leave if they are employed or have certain status equivalent to it and thus insured on that basis. Slovenian citizenship or residence in Slovenia is not a condition for eligibility. As a rule, the right to family benefits, which are tax-funded, is restricted to persons with residence in Slovenia; for certain family benefits Slovenian citizenship³⁰ is required as well.

There are four types of leave in connection to the birth and caring of the child:

- maternity leave;
- paternity leave;
- parental leave and
- adoptive parents' leave.

Maternity leave is the right of the mother and is not transferable. It lasts 105 days (15 weeks), of which 28 days have to be used before the confinement. It can only be used continuously, without interruptions, and in the form of full-time absence from work. There are some exceptions to the rule on non-transferability of the maternity leave (mother dies, abandons the child or is permanently or temporarily unable for independent life and work) and as regards the duration of maternity leave.

Paternity leave is the right of the father and is not transferable. It lasts 90 days (12 weeks and 6 days). The father can use the first fifteen days of it before the child's sixth month; the remaining seventy-five days of paternity leave can be used by the father until the child reaches three years of age. The paternity leave may only be used in the form of full-time absence from work. The father may use it in

³⁰ The citizens of the EU Member States, EEA and Swiss citizens have equal rights as the Slovenian citizens.

continuity, without interruptions, or on a day-by-day basis.

Immediately after the expiry of the maternity leave, one of the parents is eligible for the parental leave for the duration of 260 days (37 weeks and 1 day). There are some special rules (more than one live born child, child is born prematurely, the child requires special care, etc.). Parental leave has to be used in continuity, without interruptions, immediately after the expiry of the maternity leave; there are some exceptions to this rule. Up to seventy-five days of parental leave may be spent at a later point of time, but before the child reaches 8 years of age. Parental leave may be used in the form of a full or partial absence from work. It may be used either by the mother or the father or both of them, but as a general rule, not at the same time, rather successively, one at a time, except if they both use it in the form of part-time absence from work.³¹ Slovenian regulation offers parents many possibilities and flexibility in the use of a parental leave.

Adoptive parents or other persons who are entrusted with the care of the child with the intention of adoption are eligible for an adoptive parents' leave. Its duration is 150 days (for a child between 1 and 4 years of age) or 120 days (for a child aged between 4 and 10). There is no right to this leave if the person has already used maternity, paternity or parental leave for the same child or the right to parental allowance.

During the maternity, paternity, parental and adoptive parents' leave, the beneficiaries are entitled to a compensation benefit out of the parental insurance: maternity compensation benefit; paternity compensation benefit is only paid during the first fifteen days of the paternity leave, whereas for the remaining part of the paternity leave, the State only provides the payment of social security contributions; parental compensation benefit; adoptive parents' compensation benefits.

The basis for the calculation of these compensation benefits is the average salary in the last twelve months. Parental benefit for the full-time absence from work comprises 100% of the basis. However, a minimum and a maximum limit are defined. During the paternity leave, fathers are entitled to a full compensation only for the first 15 days of the leave, for the rest they are entitled to the payment of the social security contributions. Compensation benefits for the partial absence from work amount to the proportional part of the full benefit depending on the length of the partial absence from work.

After the expiry of the parental leave, one of the parents is entitled to part-time work if he/she is caring for a child younger than 3 years of age (there are special rules for more children and for children with special needs). The parents themselves can decide which of them will make use of that right. A parent exercising this right has to work at least half of the week's full-time working hours. The employer provides payment for the work actually done, whereas the state covers the cost of social security contributions (calculated on the basis of a minimum salary) for time up to full-time working hours.

Besides the rights out of the parental insurance, the parents can obtain family benefits which are tax-

³¹ In that case, the time schedule for partial absence from work has to be agreed upon by the parents between themselves and the employers.

funded and many of them means-tested: the parental allowance,³² the birth grant,³³ child benefit,³⁴ large family supplement,³⁵ special child-care allowance (for children requiring special care)³⁶ and partial compensation for the loss of income (for children requiring special care)³⁷.

2-5 Social assistance

According to the case law of the Slovenian Constitutional Court, constitutional right to social security covers not only rights out of different social insurance schemes, but social assistance rights as well; therefore, social assistance forms an integral part of the social security system in Slovenia. Social assistance rights are tax-funded and, in general, means-tested.

In short, social assistance consists of a complex system of measures designed to prevent and address social problems of individuals, families and groups of the population who, for various reasons, are suffering hardships and difficulties or are in the situations of risk. Social assistance comprises services and benefits. The social assistance services are intended to prevent and eliminate social problems which are not of a financial nature. The users are obliged to participate in payments for these services depending on the type of the services and the user's ability to pay for the services needed. The social assistance benefits are intended to guarantee individuals and families a minimum income security if they are not able to provide for their financial security for themselves. The principal goal of the social assistance policy is to guarantee everyone opportunities for decent living.

The main social assistance financial benefit is a minimum income benefit. It is of subsidiary nature, means-tested and financed from the State budget. Persons are entitled to this benefit if they are unable to provide for themselves the net disposable income in the amount which is at least equal to the prescribed minimum income.³⁸ The total family income is compared to the prescribed minimum income amount for a specific family situation; if the actual family income is lower, then the social assistance benefit is granted – in the amount of the difference between the respective minimum

³² For parents who do not qualify for the maternity, paternity and parental leave with the compensation benefit. These are parents who are not covered by the parental insurance. Parental allowance is paid for 365 days after the birth of a child. Permanent residence and Slovenian citizenship (or EU, EEA, Swiss) of a parent and of a child are required.

³³ Every child whose father or mother has permanent residence in Slovenia is entitled to a birth grant upon its birth (in cash or an outfit for the newly born of the same value).

³⁴ It is a supplementary income of the parents for the maintenance, upbringing and education of the child. It is a means-tested benefit which is only granted to the families whose income does not exceed the prescribed maximum income ceiling. Child benefit is paid to one of the parents or another care-giver to the child if the child has registered residence in Slovenia. There are many exceptions when there is no entitlement to a child benefit. The amount of a child benefit depends on the family income, the number of children and their status and age. Legislation determines in detail what is taken into account when assessing the total net disposable income of the family, as well as who are considered as family members.

³⁵ It is granted to families with three or more children who meet the prescribed criteria. At least one parent and the children must have a common permanent residence in Slovenia. Temporarily, due to the anti-crisis measures, this benefit has become a means-tested benefit which is granted only to families with a low income.

³⁶ A medical certificate is needed. The child has to have a permanent residence in Slovenia.

³⁷ This benefit is a personal income (in the amount of a minimum salary per month) paid to a parent who has terminated his/her employment or has started to work part-time in order to be able to provide nursing and care for a child with severe mental or physical disabilities. Under the same conditions, it is granted to one of the parents who provide nursing and care to two or more children with moderate or severe mental or physical disabilities. A medical certificate is needed. The child and one of the parents have to be Slovenian citizens (or EU, EEA, Swiss) with permanent residence in Slovenia. If a parent works part-time, he/she is entitled to the corresponding part of the compensation.

³⁸ Minimum income amount depends on the number of family members, activity of adult members, etc. In June 2013, the basic minimum income amount for one adult individual was around 260 EUR per month; for two adults, both working for more than 128 hours per month, it was around 600 EUR per month; for two adults without employment around 400 EUR per month; for a family with two adults not working and having two children 4 and 6 years of age, it was around 780 EUR per month.

income amount for a particular family situation and their actual net disposable income.

There are very complex rules as regards what income is taken into account and how a total family income is calculated, who is regarded as a family member, how the assets are to be taken into account when deciding on the entitlement to this benefit, etc. There are many exceptions and specific rules and numerous detailed and complex provisions. All that offers the authority quite some flexibility and space for discretionary decision-making, however, applicants can often be in a rather uncertain legal position not knowing whether they will be eligible for the benefit or not.

The beneficiaries of social assistance benefit who, due to their age, illness or disability, require assistance of another person in their basic daily activities, are entitled to a special assistance and attendance allowance. An individual or a family can be granted an extraordinary social assistance benefit if they find themselves in distress for no fault of their own or are faced with extraordinary costs they are not able to cover. A social assistance supplement is intended to replace the right to a state pension. There are many other means-tested social benefits and subsidies or other payments out of the budget (subsidies for pre-school child-care in kindergartens, subsidies for meals in primary and secondary schools, partial or entire exemption from payment for different social care services, etc.).

3. Recent developments and reforms

The pension reform is one of the most important recent developments in the area of social protection in Slovenia. After long negotiations with social partners and different civil society groups and after some unsuccessful previous attempts, the new pension and invalidity insurance legislation was passed by the Parliament in December 2012, entering into force on 1 January 2013. Among other changes, the new legislation introduces a gradual increase of the retirement age and equal conditions for both, men and women (the retirement age is set at 65, with some exceptions), it regulates different incentives for deferring the retirement and staying in employment longer (in line with the active ageing policy), it determines longer period within which salaries and/or other types of income are taken into account for the calculation of the pension basis out of which the amount of the pension is calculated, it introduces a new method of aligning pensions with salaries and cost of living increases. The Slovenian pension system remains, in general, a “pay-as-you-go” system, i.e. a system based on the intergenerational solidarity.

Health care and health insurance system has been changed several times recently. One of important recent changes in this field, introduced in autumn 2013, refers to the medical treatment abroad. Amendments to the legislation in this field were enacted in order to transpose the Directive 2011/24/EU into the Slovenian legal order.³⁹ The new reform of the health care and health insurance system is being discussed as well and is expected to be enacted in the near future. Besides, taking into account that the population in Slovenia is ageing, the long-term care reform which would introduce a new social insurance for long-term care as well as reorganise the existing system according to the modern trends in this area and, among others, introduce an integrated health and social care is urgently needed. First proposals for long-term care regulation were prepared long ago, in 2006, but until now it was not possible to find the appropriate model and reach the necessary consent and political will to pass the legislation on long-term care. This is supposed to be one of the major

³⁹ Patients’ rights in cross-border healthcare are now regulated in detail following the requirements of the above mentioned directive. However, there are no clear forecasts as to the question what effects the application of the new regime in cross-border healthcare will have in practice.

challenges of the Slovenian social protection system in the future.

In 2013, an important labour market reform was enacted in Slovenia, within which, among others, the amendments to the legislation on labour market regulation, including the regulation of the unemployment insurance, were passed by the Parliament. No major changes to the existing unemployment insurance scheme have been introduced by this reform (some stricter rules apply as regards the unemployment benefit, however, certain special rules were introduced for the younger, for instance, less period of insurance is needed in order to be entitled to an unemployment benefit, etc.); other issues in the area of labour market were in the focus and subjected to important changes this time (for example, the regulation of employment relationships, especially flexible forms of employment and dismissal possibilities for the employer, etc.).

The proposal for a new legislation on parental insurance and family benefits has been prepared in 2013, taking into account the requirements set out in the Directive 2010/18/EU on parental leave and the case-law of the European Committee on Social Rights in relation to the revised European Social Charter.

Significant reform of the legal regulation of all means-tested social benefits was enacted in 2010 (it was supposed to start to apply from 1 July 2011 on, but later postponed until 1 January 2012).⁴⁰ This reform has been highly criticised by many professionals in this field, academics as well as users and different civil society organisations. Social situation of many individuals and particular vulnerable groups of people has been deteriorated, conditions for obtaining social assistance benefits have been tightened, in certain cases substantially, and the amounts of benefits have not been, in general, set at the level which would correspond to the actual minimum costs of living, preventing poverty and social exclusion, etc. After issuing a very critical, evidence-based report by the Social Protection Institute of Slovenia on the effects of the application of the new social legislation,⁴¹ the Government has prepared a new proposal of amendments to the existing system in the year of 2013 which should introduce the most urgent corrections in this field and which is expected to be enacted in the near future.

One of the characteristics of recent developments in the social protection system is that, due to the on-going crisis, the State has intervened several times in the regular adjustment scheme for social benefits since the end 2009. In 2013, the temporary austerity measures in the field of social protection still apply: they either postpone or decrease the adjustment of different social benefits or they even decrease the amount of certain social benefits. Most of social benefits will not be adjusted until the end of 2014.

In its Development report 2013, the Institute for Macroeconomic Analyses and Development stresses out, among others, that »the economic crisis is increasingly weakening the material welfare of households« and that »in 2012, household disposable income was, after four years of decline, more

⁴⁰ All different means-tested social benefits, subsidies and other payments out of the budget, regulated in numerous different acts, are now subject – more or less, with some exceptions – to the uniform rules as regards the assessment of the income and assets of the family, determination of the family members to be taken into account, procedure to be followed and obligations of the beneficiaries as well as certain other issues relevant when determining the entitlement to these benefits. The single 'entry point' for all means-tested social benefits and subsidies has been established (with some exceptions) and the centralized information system which should enable the centralized control over all benefits, income and assets of the recipients of the social benefits as well as easier and faster application procedures; there are also stricter rules as regards the reporting obligations, control over the beneficiaries and their duty to return the unduly received benefits.

⁴¹ *Inštitut za socialno varstvo* (2013).

than 6% lower in real terms than in 2008«. In this report, the Institute explains that the last year's decline in household disposable income was »a result of the significant drop in total social security benefits, primarily owing to the reform in social transfers and certain fiscal consolidation measures, in addition to the largest reduction in the total wage bill to date«. According to the Institute for Macroeconomic Analyses and Development, in the Slovenian social protection system »some significant changes have recently been made«, one of them being the new pension legislation aiming at »extending working life, ending the decline in pensions and stabilizing pension expenditure in the medium term«; however, the Institute stresses out that »for long-term sustainability, the pension system will still have to be adjusted to rising life expectancy in a more sustainable way« and »the health and long-term care systems will also have to be adapted to demographic and other changes in the environment, as they have not undergone any systemic changes in previous years«. ⁴²

⁴² *Institute for Macroeconomic Analyses and Development (2013): Development Report 2013, Ljubljana, p. 10.*

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