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EUROPEAN SOCIAL CHARTER

Response of the Government of Latvia to the comments by the Ombdusman's Office
on the 3rd national report
on the implementation of the European Social Charter

submitted by

THE GOVERNMENT OF LATVIA

(Articles 11, 12, 13, 14
for the period 01/01/2012 – 31/12/2015)

Report registered by the Secretariat on
4 December 2017

CYCLE 2017

Article 11: Right to protection of health

1) Based on currently available data (based on the laws that regulate the state budget for years of 2016 and 2017), the amount of state budget spending on healthcare in 2016 was 3.29% but in 2017 3.20% of Gross Domestic Product (GDP), being on average 10,6% of the budget of the government of Latvia in 2013.

2) In order to reduce waiting times for state granted health care services, the amount of financial resources that are allocated for health care, are used as rationally and efficiently as possible.

Mainly all of the state-funded healthcare services are provided by a number of healthcare institutions throughout Latvia, and patients that have received general practitioner's or in some cases other medical specialist's referral for state-funded medical services, can freely choose any health care provider, which is in contractual relations with National Health Service (NHS) for providing state-funded health care services, to receive the necessary care. Considering limited resources of the state budget for provision of health care services, and due to increased demand for specific service providers, waiting times may vary between different medical institutions. If patient must wait to receive certain state-funded health care service in one medical institution, he/she has the right to go to another medical institution where could be no waiting time or it could be shorter. It should be noted that the waiting time of the health care services can be influenced by patients' willingness to consult one particular specialist, a lack of specialists in specific field, absence of specialists, for example, due to illness or other circumstances.

However, it is not accurate to estimate the availability of health care services just by indicating the longest waiting time for certain health care service in a specific medical institution, because the services concerned are provided in a number of health care institutions and the waiting time varies. The more detailed information (available on 1st October 2017) regarding accessibility of specialists (cardiologist, endocrinologist, ergotherapist) indicated in the report is as follows:

- from overall 74 medical institutions, where patients can receive a consultation of a cardiologist, in 15 medical institutions waiting time for receiving a consultation of a cardiologist is less than 5 days, in 7 medical institutions it is from 6 to 10 days, in 31 medical institutions waiting time is more than 30 days;

- for receiving endocrinologist's consultation (from overall 78 medical institutions, where patients can receive this health care service) in 14 medical institutions the waiting time is less than 5 days, in one medical institution it is from 6 to 10 days, in 12 institutions 11 to 30 days, but waiting time more than 30 days is in 51 medical institution;

- to receive an ergotherapist consultation (from overall 36 medical institutions, where patients can receive this health care service) waiting time is less than 5 days in 18 medical institutions, in four medical institutions it is from 6 to 10 days, but waiting time more than 30 days is only in 10 medical institutions.

We would like to note that although there are medical institutions where waiting time for surgical services in ophthalmology is more than 30 days, there also are health care service providers where waiting time for this service is relatively shorter. For instance, from overall 10 medical institutions, where patients can receive this health care service, at the same time in one medical institution waiting time for this service is less than 5 days but in another medical institution it is between 11 and 30 days. Furthermore, there are health care services with low waiting times, for example gynecological consultations that can be received within five days. About half of gynecological consultation providers (gynecologists) have no waiting time or it is less than 5 days, on average waiting time reaches 12 days.

Also regarding to organ transplantation, the state-funded kidney transplantations can be performed for 58 patients per year, and currently there are 80 patients in waiting list for this health care service. But although kidney transplantation operations can be provided for patients, but there still is the problem of availability of donors. However, state-funded liver transplantation is currently available for children, but for adults will be implemented in 2018.

Moreover, Ministry of Health of the Republic of Latvia has started to implement the health care reform plan (hereinafter - the Conceptual report "On Health Care Reform") for 2017-2023[1] which was adopted by Cabinet of Ministers on 25 July 2017. Among other things the Conceptual report includes activities and goals to promote accessibility of health care services. Currently Ministry of Health of the Republic of Latvia is working on implementation of planned activities in the context with the available additional funding for the health sector.

3) We would like to stress that the regulation of the regulatory enactments regarding the extended working time for medical persons is specified. On 1st July, 2017 amendments on the Law on Medical Treatment came into force, which stipulates that medical persons and emergency medical team persons who are not medical practitioners may establish an extended normal working time not exceeding 55 hours per week, but in the case of prolonged normal working time, pay for working time exceeding the normal working time prescribed by the Labor Law shall be determined in proportion to the increase of working time not less than 1.10 times the prescribed hourly wage rate.

Furthermore, the Cabinet of Ministers has drafted amendments on the Law on Medical Treatment, providing a gradual abandonment of the extended normal working hours in 2018 and 2019, reducing the length of the extended normal working hours.

In addition, it should be noted that this regulatory enactment was introduced in the period of global financial crisis to provide access to healthcare for residents in the framework of insufficient resources.

4) The issues regarding the shortage of human resources are one of the priority areas of the health sector. As it is stated in the Conceptual report on the reform of the health care system, the increase of the wages for health care providers is crucial in order to provide accessible

[1] Available in Latvian:
http://www.vm.gov.lv/lv/aktualitates/zinojums_par_veselibas_aprupes_sistemas_reformu/

healthcare. Therefore, within the framework of the reform the total funding for health care for 2018 is increased. A significant part of the increase is intended for increasing the wages for medical personnel. It is scheduled that in year 2018 there will be 44% increase of wages for doctors and functional specialists, 38% for medical and patient care personnel and assistants of functional specialists, and 24% for treatment and patient care support personnel, which is based on the average wage increase planned both for medical staff in the outpatient sector and in the impatient sector. In accordance with the Conceptual report on the reform of the health care system the aim is to increase the average wage for physicians and functional specialists reaching the double of the average wage in the country by 2021. Regarding the increase of the wage for medical and patient care personnel and assistants of functional specialists, as well for treatment and patient care support personnel, the aim is that it will be increased to reach, accordingly the 60% and 40% of physicians' and functional specialists' average wage by 2021.

Also, the Ministry of Health is going to implement the project aimed to attract medical practitioners to work in regions outside the capital. Financial compensations are intended to promote human resources to medical institutions outside Riga, thus ensuring the availability of services to residents in cities and rural areas. Human resource capacity in regions outside the capital will be increased by attracting the necessary specialists from the corresponding profile and also by promoting the replacement of generations in primary health care. The project is closely linked to other EU funded activities planned in healthcare in Latvia.

The Ministry of Health of the Republic of Latvia continues work on implementation of health policy and solving identified deficiencies in health care system in context with Conceptual report with planned reforms in the national health care system.

5) In addition to the facts regarding increase in the number of persons with disability, it should be noted that the number of persons with disability is increasing possibly also due to the society ageing, changes in policies and support measures for persons with disabilities. With the society ageing that comes along with health problems related to biological age, the proportion of number of persons is increasing. Regarding support, for example, in 2014 a special care benefit for persons with very severe disability was increased from 142,29 EUR to 213,43 EUR per month that also might be an influential factor. Therefor also these facts should be taken into account.
Small correction regarding one statistical figure: "*In 2012, there were 150'142 persons with disabilities"* – instead of 150'142 there should be 151 641.

Article 12: The right to social security

The Ministry of Welfare also cannot fully agree to the findings of the Ombudsman of Latvia. This can possibly be caused by the general complexity of social protection systems and interaction of various elements and their specific role. Thus the Alternative report fails to recognize the particular role of social insurance benefits and NDC pension scheme (Article 12§1). The expectations that this is an instrument to tackle the problems of persons who are not contributing for a certain period at least from minimum wage may not be justified or even reasonable. There are other elements of Latvian social security system providing basic income or guaranteed minimum income to people who have not contributed or have contributed very little. State social security benefit provides very basic income based on residence only and it complements insurance system in case of old age, survivors or

disability, providing a universal coverage. The same applies to health care services and child care benefit. In poverty situation local government social assistance steps in. Therefore, it is important to look at the system in its totality, not only at the amounts, but also at the coverage. If very large share of contributors opts for preferential contribution/tax regimes, certain trade – offs have to be in place and there has to be a motivation to contribute. Moreover, some of the categories under preferential tax regimes and /or considered self-employed or micro-enterprises are professionals (like legal professions, etc.) not earning low salaries. They can also choose their social security contribution base.

The issue under Article 12§2 regarding minimum amounts is also not quite accurate. It is enough to contribute for 18 years from minimum wage to receive an amount above minimum pension (OECD review - preliminary findings). In addition, pensions are indexed on a yearly basis (with an exception of freeze during the peak of crisis 2009-2012) and there are supplements provided to 'transition pension' recipients. Please note also, that full minimum pension is granted to everybody who has contributed for 15 years.
In addition, the statistics on minimum pension amounts has some specifics - it also captures international pensions (where several states may be paying out separate amounts) and it also captures the situation on the date of granting the pension and retains this fact, although the pension amount is increased above minimum through indexation, supplements. Thus currently average minimum (guaranteed) pension amount is 180,55 EUR as the result of above mentioned processes.
Steps are taken to gradually improve adequacy and the recent developments are as follows:
1) On 1st October 2017 the old-age, disability, long service pension and pension in case of loss of a supporter granted (recalculated) by 30 September 2017 and not exceeding 349 EUR are reviewed, but the pensions exceeding 349 EUR are reviewed only partially - the part amounting to 349 EUR, applying the index of 1.0439 (i.e. 4.39% increase). For example, if person had an old-age pension of 349 EUR, the indexation added 15.32 EUR. The state pensions of politically repressed persons, people with Group I disability and participants of mitigation of consequences of Chernobyl Nuclear Power Station (regardless of the type of the pension) are to be reviewed on 1 October 2017 by applying the index of 1.0439 regardless of the amount of the pension.
2) Since July 2018 the supplementary payment for each length of period of insurance year up to 31 December 1995 in amount of 1.00 EUR for each year worked will increase to 1.50 EUR for those who retired until 1996.
3) In 2017 pension indexation an actual consumer price index (CPI) and 50% (instead of 25% in 2015) of contribution wage sum real increase were used.
4) Since 2018 when indexing pensions with high contribution record higher part from average contribution wage real increase will be applied (instead of 25% in 2015):
- 60%, if contribution record is from 30-39 years long, and for pensions for employment in hard and hazardous or extra hard and hazardous employment conditions;
- 70% if contribution record is 40 or more years.
5) As of 1st April 2017, in case of the state social security benefit in the event of loss of breadwinner there is a monthly minimum (before it was 64.03 EUR) for each child amounting to:
- up to 6 years of age (including) – 92,50 EUR;
- up to 6 years of age (including) for a disabled child since childhood – 106,72 EUR;
- from the age of 7 until 23 years of age (including) if a child studies – 111, 00 EUR
(before it was 41,62 EUR for each child, but for a disabled child since childhood – 69,35 EUR.

6) Since 2017, to a person who has insurance period less than minimum insurance record (or

no record) and has reached the statutory retirement age of 63 (before 2017 – who exceeded the qualifying age for old-age pension by 5 years, also please note that statutory retirement age is increasing by 3 months per year) is granted the state social security benefit, financed by the state budget.
7) For people to whom from 01.01.2010 till 31.12.2015 old - age, survivor's or historic service pensions were granted or re-calculated, based on a negative national capital rate (effect of previous economic and financial crisis), the amounts are adjusted/ re-viewed.
In 2016 pensions granted or re-calculated in 2010 were revised. In 2017 those from 2011, but in 2018 those granted or re-calculated in 2012, 2013, 2014, and 2015.
The set negative national capital rate for the period 2009-2011 is replaced with "1" as well as the set index is levelled further until the multiplication of the negative and the positive indexes is higher than "1".
In addition, the increase of statutory retirement age to 65 has an overall positive effect on insurance pension amounts, as the pension formula reflects contributions made.
Please see the information provided also on Article 30 below.

Article 13: The right to social and medical assistance

On 21st April 2017 the "Plan for improving the minimum income support system" (hereinafter – Plan) was submitted to the government that foresees a package of measures aimed to address the issues identified in the Concept "Regarding determination of the minimum income level". And the measures included in the Plan are the following:

- Set the needy person level at the minimum income level which amount in 2018 is forecasted at 188 EUR;
- Set the GMI level at 50% of the minimum income level which amount in 2018 is forecasted at 94 EUR;
- Increase the base for minimum pension calculation and state social security benefit until 50% of the minimum income level which amount in 2018 is forecasted at 94 EUR;
- Increase the family state benefit for the third child until 50,07 EUR;
- Increase the support for pension recipients by revising the pension indexation procedure, taking into account the length of insurance;
- Set the low-income person level in the double amount of the minimum income level which amount in 2018 is forecasted at 376 EUR;
- Define for local governments clear housing benefit aim and the service recipient target group.

The Plan was not reviewed by the Cabinet of Ministers so far. However, several measures from the Plan are already included in the budget package for 2018, i.e., the family state benefit. Besides, pension indexation taking into account the length of insurance is already adopted by the government and will come into force as of January 2018. Taking aforementioned into account, the updated Plan will be submitted to the government in the 1st quarter, 2018 in compliance with the adopted state budget.

At present, discussion between the Ministry of Welfare and the Association of Local and Regional Governments of Latvia is being held to increase the guaranteed income level (GMI). It is planned to reach the result by the end of the year.

Additionally, there is established compensating system for purchasing of medicines and medical devices for patients with severe and chronic illnesses. The system uses reference price principle, which means that the state pays 50%, 75% or 100% of medicine price depending on the amount of compensation for the diagnosis in question and according to the severity of the illness, charging the cheapest medicines in the group of interchangeable with medicines, and it applies in cases where the list of reimbursable medicinal products includes medicines of several manufacturers with equivalent effectiveness. Within this group doctor can prescribe at least one reference medicine for which the patient does not have to pay additionally. If the patient chooses more expensive medicines, the difference between cheaper and more expensive medicines should be covered by the patient. Furthermore, for poor patients and asylum seekers the medicines and medical devices is covered fully from the state budget.
For the development of drug reimbursement there is also so-called M list from which the doctor can choose the medicine for pregnant women, women of the post-natal period up to 42 days and children under the age of 24 months. The medicines listed in M list is covered for:
• children up to 24 months of age with a compensation of 50%;
• for pregnant women and women up to 42 days after the birth, with a compensation of 25%.

The Ministry of Health of the Republic of Latvia continues work on implementation of health policy and solving identified deficiencies in health care system in context with Conceptual report "On Health Care Reform" with planned reforms in the national health care system.

Article 14: The right to benefit from social welfare services

During 2009-2012 the economy of Latvia was severely impacted by the financial and economic crisis. Now situation is improving and in the year 2017 new request for grant from part of Ministry of Welfare was made and in the project of Budget Law for year 2018 there is a grant for the raise of salaries of social workers who works with families with children included.

Article 30: The right to protection against poverty and social exclusion

In the light of low income of people in Latvia in general, we don`t agree that the “increase of benefits and pensions should be assessed as insignificant”. Some of the amounts of benefits were even doubled in 2017 (please see the information provided also on Article 12 above). For example:

- family state benefit for the fourth and following children was increased from 34,14 EUR per month until 50,07 EUR per month;
- a benefit for guardian for maintenance of the child was increased from 45,53 EUR per month to 95 EUR per month for a child until 6 years of age and 114 EUR per month for a child from 7 to 17 years of age;
- the social insurance contributions for persons who are caring for a child up to one and a half years of age, namely to make contributions to the pension, disability and unemployment insurance from 171 EUR (before - from 142.29 EUR);
- compensation to the person who is planning to adopt and is taking care of the child while the court approves the adoption has been increased from 49,80 EUR per month to 171 EUR (equal to child raising allowance to persons who are raising children under 1.5 years of age);

- paternity benefit for 10 days amounting 80% of average insurance contributions wage is granted to persons who have adopted a child until 3 years of age.

We consider that these increases are substantial for the groups targeted. Also we would like to highlight, that the at-risk-of poverty rate for large families in 2015 (latest data) has been the lowest during last 12 years. Also the material deprivation rates and income inequality indicators are lowest since 2004. Definitely, there are groups who still face high risk of poverty, but there are policies measures implemented and planned, targeted directly to these groups.