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Slovenian Social Security Law: Incremental Modifications and Reform Proposals

Reported Period: 2017-2018
CONTENT OVERVIEW

1. INTRODUCTION ................................................................................................................................... 1

1. CURRENT POLITICAL AND ECONOMIC SITUATION.............................................................................. 1

1.1. Recent Political Developments .................................................................................................... 1
1.2. Economic Situation ...................................................................................................................... 2
1.3. Social Situation and Major Infrastructural Project ...................................................................... 6

2. EVOLUTION OF THE MAIN BRANCHES OF SOCIAL SECURITY .............................................................. 8

2.1. Pension and Invalidity Insurance ................................................................................................. 8
2.1.1. Pension Levels....................................................................................................................... 8
2.1.2. Inclusion of Younger Persons ............................................................................................... 9
2.1.3. Periods Purchased before ZPIZ-2 ........................................................................................ 10
2.1.4. Procedure with Medical Experts......................................................................................... 11
2.2. Mandatory Health Insurance ..................................................................................................... 12
2.2.1. Legislative Action ................................................................................................................ 12
2.2.2. Decisions of Social Courts ................................................................................................... 14
2.3. Unemployment Insurance ............................................................................................................ 17
2.4. Parental Care Insurance and Family Benefits ............................................................................ 19
2.5. Reorganisation of the Social Assistance Scheme ....................................................................... 19
2.6. Long-Term Care Benefits ............................................................................................................ 21

3. INTERNATIONAL AGREEMENTS IN SOCIAL SECURITY ....................................................................... 23

4. IMPORTANT ACTS PASSED OR AMENDED IN 2017/2018 .................................................................. 24

5. SELECTED MONOGRAPHS AND ARTICLES IN 2016/2017 .................................................................. 25

5.1. Books and Book Chapters ........................................................................................................ 25
5.2. Journals ...................................................................................................................................... 25
5.3. Studies ........................................................................................................................................ 26
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>European Community</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>ECtHR</td>
<td>European Court of Human Rights</td>
</tr>
<tr>
<td>IMAD</td>
<td>Slovenian Economic Mirror</td>
</tr>
<tr>
<td>SNCB</td>
<td>Special Non-Contributory Benefit</td>
</tr>
<tr>
<td>ZIUPTD</td>
<td>Intervention Measures for the Labour Market Act</td>
</tr>
<tr>
<td>ZOA</td>
<td>Personal Assistance Act</td>
</tr>
<tr>
<td>ZPacP</td>
<td>Patients’ Rights Act</td>
</tr>
<tr>
<td>ZPIZ</td>
<td>Pension and Invalidity Insurance Act</td>
</tr>
<tr>
<td>ZSDP</td>
<td>Parental Care and Family Benefits Act</td>
</tr>
<tr>
<td>ZSV</td>
<td>Social Assistance Act</td>
</tr>
<tr>
<td>ZSVVarPre</td>
<td>Social Assistance Cash Benefits Act</td>
</tr>
<tr>
<td>ZSVI</td>
<td>Act on Social Inclusion of Persons with Disabilities</td>
</tr>
<tr>
<td>ZUTD</td>
<td>Labour Market Regulation Act</td>
</tr>
<tr>
<td>ZUPJS</td>
<td>Exercise of Rights from Public Funds Act</td>
</tr>
<tr>
<td>ZZDej</td>
<td>Health Service Provision Act</td>
</tr>
</tbody>
</table>
1. INTRODUCTION

The initial (basic) report on developments, features and prospects of Slovenian social security law was prepared for the Max Planck Institute for Social Law and Social Policy in March 2012. At the same time, a comparative article on German and Slovenian social security law was published.¹ In both texts, the fundamental features of Slovenian social security law were explained in a more detailed manner. In subsequent years, annual reports on the most significant developments in Slovenian social security law were produced.

The present report covers the most recent modifications in Slovenian social security law and the reasons behind them. The report is limited to the period between April 2017 and beginning of June 2018.

1. CURRENT POLITICAL AND ECONOMIC SITUATION

1.1. Recent Political Developments

The Slovenian Government which was elected mid-2014 stepped down in April 2018 and new elections – several months premature – were required. No one was willing to propose a Government that could last only for several months.

General parliamentary elections were held on 3 June 2018 and the results have already been announced. Rather as expected, the majority of votes (approx. 25%, and 25 seats in the 90-seat parliament) was gained by the Slovenian Democratic Party (SDS), followed by a new party, i.e. the List of Marjan Šarec (LMŠ), whose leader is a mayor in one of the Slovenian towns (Kamnik), and Social Democrats (SD), with 13 and 10 seats, respectively. The party of the Prime Minister Miro Cerar (SMC, renamed from the Party of Miro Cerar to the Party of Modern Centre) will have 10 seats and The Left (Levica) will have 9 seats in the new parliament (called Državni zbor). Moreover, New Slovenia (NSi) will have 7 seats, the Party of Alenka Bratušek (SAB, whose leader is one of the former Prime Ministers) and the Democratic Party of Pensioners (DeSUS) will have 5 seats each. Riding on the wave of anti-

immigration policy and instilling fear among the population in that respect, also the
Slovenian National Party (SNS) made it into parliament (again, after a long period of
absence), with 4 seats. Two seats are reserved for the Italian and Hungarian minority (one
seat each).

Due to a certain criminal past of its leader and an obscure money transfer from Bosnia and
Herzegovina to the party (very recently), the winner of the elections, the more right-wing
SDS, faced difficulties in forming a Government because it lacked political allies. Conversely,
the left wing parties might have the majority, but the six of them are rather diverse and a
common agreement on the political program might be more difficult to reach. Hence, it
might take some time for the nine parties that have representatives in the parliament to
reach an agreement on the future Slovenian Government. Many more parties were running
for parliament, but have not managed to pass the parliamentary threshold.

From the election score, it may be concluded that as many as nine parties have entered the
parliament and that Slovenians seem to be rather disappointed with every Government so
far and optimistic for the future. They tend to vote for new parties and new faces in politics,
this being SMC in the last elections, and LMŠ in the current ones, hoping that the situation
will improve. All parties, of course, promise improvements in a very abstract way. However,
the paths they really want to follow will be disclosed through the concrete measures they
take.

1.2. Economic Situation

Following the setback during the economic crisis, Slovenia has been making progress in
terms of economic development and the welfare of its population in recent years. Moreover,
it has also reduced pressures on the environment. Since 2014, the economic picture has
been improving, and Slovenia is again catching up with economically more advanced
countries. The recovery has led to an overall improvement in the material situation of the
population, while the quality of life is also being favourably affected by the relatively good
access to a large part of the public services. Despite the rising economic activity, the
development of key environmental indicators has remained favourable in the last few years.
However, owing to the significant fall in GDP during the last economic crisis, Slovenia still

lags significantly more behind the EU average than it did before the crisis in terms of economic development and the living standard of its population. The general Government deficit in the first quarter of 2018 was more than 50% lower than the year before. Favourable public finance developments are underpinned by the still strong revenue growth (5.3% as compared to the previous year) resulting from favourable economic trends.

The number of employed persons in Slovenia continued to rise in the first months of 2018 and wage growth also strengthened. Favourable labour market conditions are reflected in a rapidly rising number of employed persons, which has now reached the level last seen in mid-2008. With a large outflow into employment and a smaller inflow into unemployment than the previous year, the number of registered unemployed persons also continues to fall and was lower by 13.8% as compared to the previous year (April 2017 to April 2018). In March 2018, registered unemployment amounted to 8.6% and was lower than in February 2018 (when it amounted to 9.1% of the economically active population). Survey unemployment is usually lower, and in Slovenia it stood at 5.9% in March 2018.

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5 Ibid.


Moreover, short-term expectations of enterprises about future employment remain high. Wage growth has strengthened, in the private sector owing to good business performance.
amid strong economic activity, in the public sector to the implementation of agreements with trade unions and regular promotions. Many austerity measures have ceased to apply.

High broad-based economic growth is expected to continue in 2018 (5.1%) and a continuation of favourable economic trends is also expected for 2019 (3.8%). Export growth, underpinned by gains in competitiveness from previous years and a favourable export structure, is expected to remain high in 2018 and subsequent years. Domestic consumption will remain a significant factor of growth in 2018–2020. The growth of employment is expected to remain fairly high in 2018, before easing gradually in the next two years, mainly under the impact of demographic change.

The average wage was a bit higher than in 2017. In net terms, it amounts to 1,083.00 Euro and in gross terms to 1,670.69 Euro.

Graph 3: Average monthly wage in gross (blue) and net (orange) terms (source: http://www.stat.si/statweb, June 2018).

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Also the minimum wage has been raised. Since January 2018, it has been at 842.79 Euro (in gross terms). In net terms, the minimum wage has been at 638.42 Euro.

1.3. Social Situation and Major Infrastructural Project

The population was still growing in the last period. According to the latest information available, i.e. for 2016, there was a total increase of 0.8 per 1,000 inhabitants. The share of natural growth (more births than deaths) was 0.3 and the remaining 0.5 was due to net migration (immigration). In January 2018, the population of Slovenia was 2,066,880.


In the past year, one major infrastructural project was developed, i.e. the construction of the second railway line from the coast (where also the Port of Koper is situated) to the interior of the country (Ljubljana and further to Austria, Germany and also Hungary). However, the project was met with fierce opposition from a group of inhabitants (citizens’ initiative). Actually, they agreed that the second railway was required, but that it should be more inexpensive and take a different route from the one proposed.

The law had already been passed, but the citizens’ initiative acquired enough votes (40,000) for a referendum. Ultimately, the initiative failed and the law was confirmed by the voters. The initiative appealed to the Supreme Court, and the Court stayed the proceedings and

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referred to the Constitutional Court the question whether the Referendum and Popular Initiative Act was fully in line with the Slovenian Constitution.

The Constitutional Court in January 2018 established a constitutional breach. It argued that the position of the Government in the referendum campaign could not be equal to other groups campaigning in the referendum. Due to the constitutional position of the Government it had to inform the voters in an objective, comprehensive and transparent way. It could publicly present its position for or against the legislative act. However, at the same time it had to inform the voters of all the reasons for and against the legislative act subject to a referendum. Only in this way might budgetary means be utilised. At the same time, the Supreme Court should have the explicit authority whether or not to annul the referendum in a concrete case.  

The Supreme Court took its decision in March 2018. It established that in a concrete case the Government had not acted in a way to inform the voters in an objective, comprehensive and transparent manner. On the contrary, it had only been campaigning for the law to be passed. The campaign, financed from the State budget, had been one-sided and had not provided the full picture inclusive of the risks and shortcomings of the law. Although there were no concrete numbers how this could influence the result, the possible consequences could not be neglected. According to the Supreme Court, the Governmental campaign had been unfair and constituted a breach of the constitutional right to vote on a referendum, and this could influence the referendum outcome. The complaint of the citizens’ initiative was granted and the referendum has been annulled. This decision was also a trigger for the Government to resign a mere couple of months before the end of its mandate.

A new referendum has been organised, but again the voters supported the law and the latter was enforced so, ultimately, one of the largest infrastructural projects (supported by EU funds) could be started.

2. EVOLUTION OF THE MAIN BRANCHES OF SOCIAL SECURITY

2.1. Pension and Invalidity Insurance

The Pension and Invalidity Insurance Act (Zakon o pokojinskem in invalidskem zavarovanju, hereafter ZPIZ-2), in force since the beginning of 2013, was amended three times in 2017. The amendments concerned the level of pensions, arousing the interest of younger persons in pension insurance and purchased periods before the ZPIZ-2 came into force.

2.1.1. Pension Levels

In May 2017, ZPIZ-2 was amended (with ZPIZ-2C)\(^\text{12}\) in order to guarantee the minimum pension level. All recipients of old-age or invalidity pensions with what is considered a full pension period (which varied, depending on the particular period of time) are entitled to a pension of at least 500 euro.\(^\text{13}\)

Similarly, persons entitled to a pension according to international and EU social security coordination instruments are entitled to a raised \textit{pro-rata temporis} part of their pension. The deficient part of the minimum pension, i.e. the difference between any lower individual pension and the official minimum pension is covered by the State budget.\(^\text{14}\) It is interesting that the legislator opted for a raised minimum pension and not a separate pension supplement. This bears consequences also for EU social security coordination law. Such minimum pension is fully subject to coordination rules and cannot not be classified as a special non-contributory cash benefit (SNCB), according to Article 70 of Regulation (EC) 883/2004. For the latter, specific coordination rules may apply, i.e. legislation applicable is determined according to the \textit{lex loci domicilii} rule, and SNCBs are not exported to another Member State.

The raising of the minimum pension level was executed \textit{ex lege}, without the issuing of new individual socio-administrative decisions.\(^\text{15}\)

Moreover, contrary to previous years when pension indexation was stopped, in 2018 pensions were indexed twice. A regular 2.2% adjustment occurred in February (applicable

\(^{13}\) Amended Article 39 ZPIZ-2.
\(^{14}\) Amended Article 161 ZPIZ-2.
\(^{15}\) Article 4 ZPIZ-2C.
since the beginning of the year). It took into account the rise in gross salaries (60% of indexation) and the rise in average living costs (40% of indexation). Next to regular indexation, in April pensions were raised by another 1.1%.

However, the pension levels still seem to be below the pre-crisis levels. No indexation during the crisis period has impacted pension levels for a longer period of time.

As per 2018, a yearly supplement is guaranteed to all pensioners again. In the past years, persons with higher pensions were not entitled to it. The supplement is still granted proportionately, i.e. persons receiving lower pensions are entitled to a higher amount of a yearly supplement and vice versa, persons with higher pensions are entitled to a lower amount. Yearly supplement amounts to between 100 and 410 euro.

2.1.2. Inclusion of Younger Persons

It is commonly argued that younger persons have small or no interest in pension insurance. They hardly believe they will get any pension from the mandatory pension and invalidity insurance. Apart from pension reforms aimed at reducing the pension expenditure, private pension insurance companies are to blame. They promote private pension accounts also by arguing that social pension insurance will not be able to provide a pension in the future, or at least not at the same level as private pension insurance.

In order to increase the interest of younger people in pension insurance, the composition of the Council of the Pension and Invalidity Institute of Slovenia has been modified by ZPIZ-2D in July 2017. Along with the trade unions, pensioner organisations, organisations for persons with disabilities, employers’ organisations and the Government Student Organisation of Slovenia now have one member as well. The Council is composed of 27 members, of which employers and the Government (counted together) still have the majority of votes (namely 14, i.e. seven each).

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17 Article 69 ZIPRS1819
2.1.3. Periods Purchased before ZPIZ-2

The right to an early pension was abolished by ZPIZ-1 from 1999, but was reintroduced by ZPIZ-2 in 2012. The conditions for old-age pension and early pension are very similar. In both cases, at least the minimum age of 60 years and a pension period of at least 40 years are required. However, the distinction lies in the amount of purchased periods. If a person could retire after a 40-years' pension contribution period without having purchased any periods thereof an old-age pension was granted. Conversely, if some of the pension periods were purchased by the insured person, an early pension could be granted. The latter is reduced by 0.3% for each month a person has retired before reaching the age of 65 (i.e. the maximum reduction would amount to 18%). The problem arose due to the fact that ZPIZ-2 had not introduced any transitional period in this respect.

The Constitutional Court could not establish any breach of the Slovenian Constitution. It argued\(^{19}\) that the legislator distinguished between insured persons that were mandatorily covered by the social pension and invalidity insurance, and those who had purchased additional insurance periods on their own account. Labour activity is a key element of pension and invalidity insurance. Hence, the legislator did not breach the constitutional equality principle. Moreover, there was no breach of the principle of legitimate expectation (as one of the subprinciples of the rule of law), since the situation of the insured persons did not deteriorate. Purchased periods still counted towards a higher calculation basis and a higher percentage with a view to calculating the pension.

There was also no breach of the fundamental right to social security. Insured persons could meet the eligibility conditions for the right to an old-age or early pension through purchased periods. The Constitutional Court could not find a breach of the constitutional protection of property either, which is otherwise granted also to a constitutional right to a pension (which is explicitly mentioned in the Slovenian Constitution under the Right to Social Security).\(^{20}\) This right (as well as the Right to Private Property according to Article 1 of the European Convention of Human Rights)\(^{21}\) ensures the right to a pension under the conditions valid at

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\(^{20}\) Article 50 of the Slovenian Constitution.

\(^{21}\) More in G. Strban, Lastninsko varstvo socialnih pravic (Property protection of social rights), Podjetje in delo, Vol. 41, 2015, No. 6-7, pp. 1251-1266.
the time of materialisation of the social risk of old-age. Insured persons who have purchased pension period years, even decades before their retirement, should be aware of the risk of changing eligibility conditions during this time. Conditions may not be as favourable at the time of retirement as they were at the time when they purchased their pension periods.

Nevertheless, due to the rather strong pressure exerted by persons who purchased their pension periods in the past, the legislator amended ZPIZ-2. Periods of pension insurance purchased before ZPIZ-2 became applicable, i.e. before the end of 2012, do not count as such for the purposes of ZPIZ-2.22

The same amendment, i.e. ZPIZ-2D also established more legal certainty for workers. Already now it holds true that if contributions were deducted (and shown on the worker’s payroll) they count as paid, according to the principle of legitimate expectation. As per November 2017, even non-deducted contributions count as paid upon verifying the eligibility and calculating the pension of a person, if the Pension and Invalidity Insurance Institute of Slovenia has warned the employer and notified the tax authority.

2.1.4. Procedure with Medical Experts

When assessing the (degree of) invalidity, the Social Court has to rely on the opinion of experts. In Slovenia, so-called invalidity commissions work under the Pension and Invalidity Institute of Slovenia (PIIS). This has already been challenged before the European Court of Human Rights (ECtHR).23 The Court emphasised that the principle of equality of arms, which is one of the elements of the broader concept of a fair hearing, required each party to be given a reasonable opportunity to present its case under conditions that do not place it at a substantial disadvantage vis-à-vis its opponent.

The ECtHR has already held that an opinion of a medical expert, as it falls outside the probable area of expertise of judges, is likely to have a preponderant influence on the assessment of the facts and to be considered as an essential piece of evidence. Lack of neutrality on the part of an appointed expert may, in certain circumstances, give rise to a breach of the principle of equality of arms.

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22 The amendment ZPIZ-2D, Official Gazette RS, No. 65/2017, modified the definition of purchased pension periods enshrined in Article 7 ZPIZ-2.
23 Case of Korošec v. Slovenia, Application No. 77212/12, 8.10.2015, final 8.1.2016.
Hence, the ECtHR noted that the disability commissions in Slovenia are dependent on the PIIS, since their members were appointed by the board of the PIIS following nomination by the PIIS director. Therefore, the method of their appointment justifiably gave rise to the applicant’s suspicion that they would not be able to act impartially. While such suspicions may have a certain validity they are not decisive; what is decisive is whether the doubts raised by appearances can be objectively validated. The ECtHR further noted that the applicant did not have the opportunity to challenge the findings of the commissions since his application to have the courts appoint an independent expert were dismissed on the grounds that the commissions had already made an adequate assessment of the documentation in the applicant’s medical file. A breach of Article 6 of the European Convention of Human Rights was established.

Following that decision, also the Slovenian Constitutional Court argued in the same manner, i.e. that the equality of arms of both parties in the court proceedings had to be ensured.24 As a consequence, lawyers do not hesitate to ask for expert opinions before the social courts. One of the particularities of a social security dispute is that the costs of (medical) experts are always (regardless of the outcome) born by the PIIS. The social courts thus have to strike a proper balance between the equality of arms being ensured and the guaranteed right to medical expert opinions in the proceedings being overused.

2.2. Mandatory Health Insurance

There were some legislative changes that influenced mandatory health insurance in the past year. Moreover, certain decisions have been made by the social courts that seek to modify the very paradigm of Slovenian mandatory health insurance.

2.2.1. Legislative Action

The major social health insurance reform has been prepared and negotiated with the social partners. The text of the new Health Care and Health Insurance Act (Zakon o zdravstvenem varstvu in zdravstvenem zavarovanju, ZZVZZ-1) has already been agreed upon, but the

period of (the prematurely resigned) government ran out before the new Act could be passed in parliament.

Among the most important novelties were the inclusion of all children into the health insurance *ipso jure*, regardless of (non-)affiliation of their parents (or other relatives); the provision of the entire scope of rights to self-employed persons not paying health insurance contributions (currently they only have the right to urgent treatment, causing hardship for those who cannot pay contributions); and the abolition of the vast co-payment system and possible private insurance against co-payments.

The latter was subject to a disagreement between the Ministries of Health and, respectively, Finance. It was not proposed to broaden the contributory basis and/or raise the contribution level (currently at 12.92% for both work-unrelated and related accidents and diseases). Instead, a new payment to mandatory health insurance had been foreseen, which should be neither in the form of a tax nor social security contribution, which was a bit odd. It should be paid from the net income of insured persons and should be progressive. Persons with a higher income would pay more and, vice versa, persons with a lower income would pay less. This has been widely accepted, since it is fairer than a common level of co-payments and the same insurance premium to cover co-payments for all insured persons alike, which would hit those with lower incomes the most (for social assistance recipients this insurance is paid by the State). However, it would still be less progressive than contributions, exonerating the most wealthy insured persons.

Nevertheless, some other legislative acts have been passed. One of them amended the Health Service Provision Act (*Zakon o zdravstveni dejavnosti*, hereafter ZZDej). The most important amendment concerned the division between public and private provision of healthcare. New Article 3 ZZDej defines the public medical service, which is based on the principle of solidarity and financed predominantly by public funds from mandatory health insurance (the other part consists of payments by the State and co-payments). Such medical services are non-commercial (social) services of general interest, which are provided on a

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non-profit basis. This goes for all providers in the public network, i.e. public providers and private providers with concessions.

Moreover, a concession granted to private healthcare providers has, after the amendment (ZZDej-K), been limited to 15 years with a possibility of prolongation for another 15 years if that is in the public interest and required within the public healthcare network.

Private healthcare providers were fiercely against such provisions, fighting against them in parliament and in the media. They also lodged a claim before the Constitutional Court, which has very recently rejected it. The Court argued that mere economic interests cannot form sufficient grounds for determining the unconstitutionality of new provisions. Moreover, they informed the European Commission that such a regulation was limiting competition, since the State or local communities owned hospitals and primary health centres. The matter is under investigation.

The Patients’ Rights Act (Zakon o pacientovih pravicah, hereafter ZPacP) has been amended as well. The amendment concerns provisions for better management of waiting times (it was established that some providers were artificially prolonging waiting times just to be entitled to funds for measures to reduce these waiting times) and introduces a new level of urgency, i.e. urgent, very fast (acute), fast and regular. Waiting times are set according to the urgency of the medical condition of the insured person. Also the right to a second opinion has been broadened. It now applies to all levels of healthcare provision. Hence, it is accessible also at the primary healthcare level. However, for public (mandatory health insured) patients it should be regulated through the new ZZVZZ-1, once it has been passed.

2.2.2. Decisions of Social Courts

The development of mandatory health insurance is not influenced only by legislative action, but also by the decisions of the courts of law. They may be decisions of international and European courts or Slovenian courts of law. Some interesting decisions were passed by the latter, upon comparing the legal positions of socially insured patients when accessing cross-

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border healthcare and those accessing it in a purely internal (Slovenian) setting. In both cases, healthcare is provided by purely private healthcare providers.

It should be noted that there are several paths of cross-border healthcare. If we limit ourselves to the EU, there is coordination of public, social security systems through Regulation (EC) 883/2004,29 and there is free movement of (health) services according to Directive 2011/24/EU (both with certain limitations).30 According to the first one, healthcare is provided as a benefit in kind, and according to the second one, the cost of healthcare may be reimbursed (up to the actual costs or costs of the equivalent medical service in the Member State of affiliation, i.e. insurance). Since the free movement of services principle applies, healthcare may be provided by private physicians and a consumer of such service should be reimbursed when returning to his or her Member State of insurance.

However, both the Regulation and the Directive are only applicable in cross-border situations. According to Directive 2011/24/EU31, the Directive shall not affect laws and regulations in Member States relating to the organisation and financing of healthcare in situations not related to cross-border healthcare. In particular, nothing in the Directive obliges a Member State to reimburse the costs of healthcare provided by healthcare providers established on its own territory if those providers are not part of the social security system or public health system of that Member State.32

The question of so-called reversed discrimination is often raised. It occurs when a person not moving to another Member State is in a worse legal position than a person who has moved for the purpose of receiving health services. However, the regulation of purely internal situations confined to one Member State is within the discretion of the national legislator. It seems that Slovenian social courts were trying to find a way to reimburse the costs of healthcare also when a person resorted to a purely private healthcare provider outside the public health system (without any cross-border movement within the EU). In Slovenia, there are two legal regimes: one is the public healthcare system (a network of public and

authorised private providers operated according to the healthcare needs of the inhabitants), and the second one is private. The distinction is mentioned also in the Slovenian Constitution.\(^{33}\)

The first-instance social courts, through some decisions, were trying to verify whether a private physician had a licence to practice medicine, and they were trying to argue that this would suffice for a reimbursement of costs from the mandatory health insurance.\(^{34}\) However, all physicians, public or private, require such a licence. The Higher Labour and Social Court emphasised that socially insured persons were not entitled to reimbursement for healthcare paid for services rendered in a private practice (i.e. by a purely private healthcare provider). It clearly distinguished between a medical licence, a permit to practice, and a possible authorised contract with mandatory health insurance. Only the latter enables the provision of healthcare within the public health system.\(^{35}\)

Slovenian mandatory health insurance is clearly based on the provision of healthcare in natura. It does not limit itself to the mere reimbursement of costs as is the case, for instance, in France, Belgium or Luxembourg. The reimbursement of costs, where the legal situation is purely limited to the Slovenian territory, is not regulated because it does not exist. Therefore, the first-instance social court made a doubtful decision, arguing that there was a legal void (or a legal loophole) and that the law should regulate the enabling of the reimbursement of costs also in a purely internal (Slovenian) setting. If it did not do so, it would be against the principle of equal treatment (based on the location of healthcare provision).\(^{36}\)

However, such decisions are within the sphere of activist jurisprudence. EU law (the abovementioned Regulation and Directive) may be applied only in cross-border legal situations. It is true that the same could apply in an internal, purely Slovenian setting, but that would have to be regulated by the legislator and not the courts. Otherwise, insurees could opt for the healthcare provider of their choice, no matter the location of the latter

\(^{33}\) See Articles 50 (the right to social security) and 51 (the right to healthcare, which can be through public or private funds). The social courts have already applied them, e.g. Decision VI PS 904/206, 15.2.2017 in relation to Psp 153/2017, 25.5.2017, or III Ps 406/2016.

\(^{34}\) Decision V Ps 1609/2015, 28.12.2016 (where such license was absent).


(within or outside of the EU), and the Slovenian mandatory health insurance would always have to reimburse the costs.

So far, the Slovenian Higher Labour and Social Court consistently held that in the Slovenian public health system there were a limited number of healthcare providers, and that the public and private system were separated.\(^{37}\) Competition between different legal regimes occurs only with cross-border healthcare, which has been established through (another) decision of the first-instance social court.\(^{38}\) Of course, every patient may choose public or private or cross-border healthcare, but every choice might have distinctive legal consequences. Since the case law is developing in various directions, a decision of the Supreme Court will probably be required.

Moreover, there is a certain paradox as regards regulations and directives. Although regulations are generally applicable, binding in its entirety and directly applicable in all Member States,\(^{39}\) they might be less visible than directives to national users of legal norms. Directives have to be transposed into national law in such a way that people who read (only) national law will also become familiar with (transposed) directives. Regulations will have to be read in parallel to national law.

2.3. Unemployment Insurance

Some new features were introduced to unemployment insurance in 2017.\(^{40}\) There is a new active employment measure for recipients of unemployment benefit with very low education levels, i.e. who have either not finished primary education (comprising primary and lower secondary school for ages 6-14) or have completed only primary education (without having completed lower secondary or professional education). If persons in this category conclude a full-time employment contract, they are entitled to 20\% of unemployment benefit along with their salary. The entitlement lasts for as long as the unemployment benefit is granted, up to a maximum of 12 months.\(^{41}\)


\(^{38}\) Ibid.

\(^{39}\) Article 288 Treaty on the Functioning of the EU (TFEU).

\(^{40}\) Labour Market Regulation Act (Zakon o urejanju trga dela, ZUTD), Official Gazette RS, No. 80/2010 to 55/2017.

\(^{41}\) See amended Article 32 ZUTD.
The validity of a similar measure, but directed toward employers, has been prolonged until the end of 2019.\textsuperscript{42} Employers are relieved of social security contribution payments for two years if they employ an elderly unemployed person (above 55 years of age, who has been unemployed for more than six months). The insured person’s contributions are calculated as if they were paid. However, the law does not stipulate that this active employment measure should be covered from the State budget. Hence, the excessive burden may be placed on the community of insured persons (and their employers) who have to pay social security contributions.

In 2017, stricter provisions were introduced concerning the obligation of unemployed persons. They now have to register as ‘unemployed’ within three working days after termination of their employment contract. In case of any later registration, the unemployment benefit is not payed at the prescribed level of 80\% but only at a level of 60\% for the first three months (after that it is, in any case, paid at a rate of 60\% for nine months, and thereafter at a rate of 50\%).\textsuperscript{43} The deadline for registrations is rather short. However, there is an obligation of employers to notify their workers of this deadline when terminating the employment contract. If employers fail to do so, the unemployment benefit remains unreduced.

Moreover, if an unemployed person breaches the obligations (e.g. declines an active employment measure or suitable employment or employment plan), the unemployment benefit is reduced by 30\% for the entire remaining time of its duration. This is to the benefit of unemployed person, since the benefit is merely reduced and not immediately terminated. However, such reduction applies only to a first breach of the unemployed person’s obligations. With any subsequent breach, the unemployment benefit will be terminated.

In both abovementioned cases of unemployment benefit reduction, the benefit should not be reduced below its minimum level, i.e. 350 euro.

\textsuperscript{42} Intervention Measures for the Labour Market Act (\textit{Zakon o interventnem ukrepu na področju trga dela, ZIUPTD}), Official Gazette RS, No. 90/2015 and 75/2017.

\textsuperscript{43} Modified Article 60 ZUTD.
2.4. Parental Care Insurance and Family Benefits

Some recent modifications have also been made to the parental care insurance. Adoptive parents could make use of the parental leave and benefit to the same extent as other parents. However, it was argued that before the new parental insurance scheme was passed, they had separate benefits entitling them to a leave also when adopting older children. Hence, the Parental Care and Family Benefits Act (Zakon o starševskem varstvu in družinskih prejemkih, ZSDP-1)\textsuperscript{44} was modified in 2018 in order to enable adoptive parents who adopt older children (who have already finished their first year of primary schooling) to be entitled to a leave. Such adoptive parents’ leave is possible if the child is younger than 15 years\textsuperscript{45} (which is more generous as compared to the old legislation, where the age of a child in connection with benefits was limited to 10 years).

In the family benefits scheme, the childbirth grant is going to be modified. Currently, it is granted as a cash benefit of 280 euro. As of beginning of 2020, it will be available as a voucher. It will still have to be determined for which specific items it can be spent, which must of course be related to the childbirth.\textsuperscript{46} In order to integrate and socialise children, the increased child benefit for children not attending kindergarten has been limited. An increase of 20% of child benefit is now available only for children younger than four years of age.\textsuperscript{47} Moreover, a new family benefit has been introduced, i.e. assistance with purchasing a vignette for a car. It is required for motorways and highways. Assistance is provided only to large families, i.e. those with more than three children.\textsuperscript{48}

2.5. Reorganisation of the Social Assistance Scheme

Administration of the social assistance scheme has been reorganised recently. Instead of 62 smaller centres for social work, there are to be 16 larger regional centres administering social assistance (as well as parental care and family benefits). They are to have 63 units. This means one unit more than the former number of centres, which is due to splitting the largest one (in Maribor) into two units. The reason for the restructuring measures is the aim to unify the administrative practice and ease administrative procedures. The various units

\textsuperscript{44} ZSDP-1, Official Gazette RS, No. 26/2014 to 14/2018.
\textsuperscript{45} Modified Article 39 ZSDP-1.
\textsuperscript{46} Modified Article 68 ZSDP-1.
\textsuperscript{47} Modified Article 72 ZSDP-1.
\textsuperscript{48} New Article 78a ZSDP-1.
would now be able to focus more on the field work with persons and families requiring assistance, while the administrative procedures, legal services and human resource management would be carried out by the 16 centres. The new structure was expected to become operational in October 2018.49

Moreover, emphasis should be on social activation, especially of long-term unemployed persons and long-term social assistance recipients. They should be guided, motivated, and supported when entering the social activation programs in order to be reactivated and integrated into the life of the community and the labour market (if possible). The program should last until the end of 2022 and is supported by the European Social Fund.50

Another novelty related to new organisational structures is the so-called informative calculation. Beneficiaries from public funds for which the centres for social work are competent will be informed in advance of the information known by the centres, e.g. on the means and income of the family, and envisaged decision. The informative calculation should enhance transparency and will present a temporary administrative decision. If the beneficiary has no objections it will automatically turn into a final administrative decision. In the case of an objection, the case will be reviewed by the centre and a regular administrative decision will be issued. Informative calculation shall be issued on a yearly basis from 2019 onwards and ex officio. Hence, only when applying for social assistance or family benefit for the first time, a claim will be required, but later on it will be automatised. This should relieve the administrative burden for the beneficiaries and the centres.51

Interestingly, right before the 2018 general elections, the basic amount of the minimum income,52 as an officially set poverty line or threshold used to calculate social assistance (which is the difference between the minimum income and the own actual income of an individual or a family), was raised. Instead of 297.53 euro (until May 2018), it was then

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52 The basic amount is paid for an individual. For a family, different parameters are added and the minimum income is higher. More at http://www.mddsz.gov.si/si/delovna_podroca/sociala/denarna_socialna_pomoc/, June 2018.
385.05 euro. However, it was valid only until the end of 2018. As of 2019, the minimum income dropped to 331.26 euro. It should be noted that none of these amounts enable a decent living. According to some calculations, the minimum costs of living per month exceed 400 euro.

2.6. Long-Term Care Benefits

The existence of persons with disabilities and elderly persons who cannot take care of their daily needs is not new. We have always known them to be a part of our societies. What has changed substantially is the awareness that persons with disabilities and old persons present an equal part of our modern (national and European) society, and that they cannot not simply be locked away in their homes or residential facilities. In addition, more detailed information on the number of dependent persons, the kind and level of dependency, and the various care facilities were made available in the last decade(s).

Contrary to some other countries, no special scheme has been introduced in Slovenia so far. Long-term care benefits are spread across the social security system. Benefits in kind are provided within the public service network by the centres for social work, homes for the elderly, residential homes for mentally and physically disabled adults, welfare employment centres (providing care and organising employment for mentally and physically disabled adults), institutions for the training of children with severe mental disabilities, and special institutions for home care.53

Home and residential long-term care has to be paid by the beneficiary, who might be entitled to specific supplements. For instance, supplement for care is granted to disabled persons not entitled to insurance-based benefits, recipients of an (old-age, retirement, invalidity, widow/er’s and family) pension, social assistance recipients, war invalids, and persons providing long-term care for (their) children or adults (usually when children reliant on care grow older). However, if the income (e.g. pension with a supplement) of the person reliant on long-term care does not suffice to cover the costs, his or her family members might be made responsible for either providing the care themselves or covering part of the costs. Moreover, special nursing hospitals exist and are partially financed by the mandatory

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health insurance. It has been acknowledged that benefits are not well-coordinated and that residential care still prevails.

It has been realised that changing family structures (including the development of a *double breadwinner model*, or *full-part-time breadwinner model* of a family, instead of the outlived single breadwinner model)\(^\text{54}\) and the demographic situation require legislative action. In Slovenia, several legislative proposals were prepared (the first one in 2006, then in 2010 and the latest one in 2017).

The last proposal of 2017 followed the structure of mandatory health insurance. It envisaged to combine all existing benefits and to introduce a new branch of social insurance, i.e. long-term care insurance, which would be in harmony with the existing social security system. However, some new funds were required and negotiations between the Ministry of Health and the Ministry of Finance could not be concluded before the general elections, and thus the legislative proposal could not make any progress.

Nevertheless, some other legislative acts also covering long-term care issues have been adopted. Among them are the Personal Assistance Act (*Zakon o osebni asistenci-ZOA*)\(^\text{55}\) and the Act on Social Inclusion of Persons with Disabilities (*Zakon o socialnem vključevanju invalidov, ZSVI*).\(^\text{56}\)

*ZOA* regulates personal assistance in order to enable persons with long-term physical, mental, intellectual or sensorial irregularities full and effective inclusion in society in all aspects of human living. It should guarantee equal opportunities, independence (autonomy), activity and equal social inclusion, which is also in line with the UN Convention on the Rights of Persons with Disabilities.\(^\text{57}\) It shall be applicable as of 2019.

As for personal assistance, everyone shall be entitled to it regardless of means or income, who requires assistance for at least 30 hours per week and is between 18 and 65 years of

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\(^{56}\) ZSVI, Official Gazette RS, No. 30/2018.

\(^{57}\) The Convention and its optional protocol have been ratified by Slovenia, Official Gazette RS-international agreements No. 10/2008.
age. However, if the right to personal assistance is recognised before the age of 65 it can be provided also beyond that age. Assistance should be provided by professional providers.

ZSVI defines the possibilities of acquiring the status of a person with disability, of obtaining certain cash benefits (disability supplement, assistance and attendance allowance), and possibilities that have to be provided by the State in order to enable the integration of this group of persons into the life of society.

ZSVI has already been passed, but shall become applicable as of beginning of 2019. The chapter on the social inclusion of disabled persons within society shall be applicable as of beginning of 2022. It might be the case that the law will be modified by then, especially if a more comprehensive long-term care insurance is introduced.

3. INTERNATIONAL AGREEMENTS IN SOCIAL SECURITY

In 2018, the negotiations on a bilateral social security agreement between Slovenia and South Korea were successfully concluded and the agreement was signed on 20 February 2018 in Seoul (during the 2018 winter Olympic Games in Pyongyang).

Already in 2011, South Korea had expressed interest in such an agreement, in order to enhance its investment and opening of their businesses in Slovenia. Negotiations were intensified during the years 2015 and 2016. The agreement was signed in 2018, when both countries were celebrating 25 years of mutual diplomatic relations.

On the basis of this bilateral agreement, persons staying for a short period of time in either country (including businessmen) avoid paying double social security contributions, and persons staying for a longer period of time in the Contracting State can benefit from the totalisation of insurance periods (and pro-rata payment of pensions). Special provisions regulate the posting of workers and situations of simultaneous employment in both Contracting States.58

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4. IMPORTANT ACTS PASSED OR AMENDED IN 2017/2018


Act on Social Inclusion of Persons with Disabilities (Zakon o socialnem vključevanju invalidov, ZSVI), Official Gazette RS, No. 30/2018.


Act Modifying and Amending the Health Service Provision Act (Zakon o spremembah in dopolnitvah Zakona o zdravstveni dejavnosti, ZZDej-K), Official Gazette RS, No. 64/2017.

Act Modifying and Amending the Labour Market Regulation Act (Zakon o spremembah in dopolnitvah Zakona o urejanju trga dela, ZUTD-D), Official Gazette RS, No. 55/2017.


Act Modifying and Amending the Parental Care and Family Benefits Act (Zakon o spremembah in dopolnitvah Zakona o starševskem varstvu in družinskih prejemkih, ZSDP-1B), Official Gazette RS, No. 14/2018.

Act Modifying and Amending the Social Assistance Cash Benefits Act (Zakon o spremembah in dopolnitvah Zakona o socialno varstvenih prejemkih, ZSVarPre-F), Official Gazette RS, No. 31/2018.

Act Modifying and Amending the Exercise of Rights from Public Funds Act (Zakon o spremembah in dopolnitvah Zakona o uveljavljanju pravic iz javnih sredstev, ZUPJS-G), Official Gazette RS, No. 75/2017.

5. SELECTED MONOGRAPHS AND ARTICLES IN 2016/2017

5.1. Books and Book Chapters


5.2. Journals

Mihalič, Renata; Strban, Grega: Socialna država in država blaginje: sopomenki ali le vsebinski blizuzvočnici? (Social State and Welfare State: synonyms or just sounding alike?), Podjetje in delo, 2017, Vol. 43, No. 3/4, pp. 634-644.

Mišič, Luka. Odsevi politične filozofije v pravu socialne varnosti (Reflection of political philosophy in the law of social security), Delavci in delodajalci, 2018, Vol. 18, No. 1, pp. 57-84.


Zupančič, Simona; Strban, Grega: Odprta vprašanja zakona o osebni asistenci (Open questions of the Personal Assistance Act), Delavci in delodajalci, Vol. XVIII, 2018, No. 1, pp. 85-106.

5.3. Studies

Lhernould, Jean-Philippe; Strban, Grega; Van der Mei, Anne Pieter; Vukorepa, Ivana: The interrelation between social security coordination law and labour law, Analytical Report

Strban, Grega: Consequences and possible solutions in cases of lump sum payment of pensions, reimbursement of contributions and waiver of pensions in Slovenia: analytical (legal) report 01, 2018, project MoveS, European Commission, Brussels 2018.


Strban, Grega; Rataj, Primož: Report on National employment services: conditions for registration and access to assistance by EU citizens from other Member States: Comparative Report 2017: Slovenia, FreSsco, European Commission, Gent 2017.