

# SOZIALE Sicherheit

FACHZEITSCHRIFT DER ÖSTERREICHISCHEN SOZIALVERSICHERUNG

Journal for Austrian Social Security · Special Issue 2002

## Dear readers,

The Main Association of Austrian Social Security Institutions annually publishes a special edition of *Soziale Sicherheit* (Social Security) in the summer months, containing important information on Austrian social security, the benefits provided and the current legal situation. This information is also of interest to the international public and to a number of international organisations. One reason for this is undoubtedly the ongoing expansion of the European Single Market and the increasing integration within the European Union.

Due to heavy demand we have decided to publish a revised English version of our special edition, containing the most important information on the structure and tasks of Austrian social security. This edition also includes key data relating to benefits in social pension, health and accident insurance.

Austrian social security embodies the tradition of the central European welfare state. In order to uphold these high standards of social security long into the future, we must defend the principles of the welfare state, on the one hand, whilst, of course, continually adapting to the needs of a changing society, on the other.

With this issue we wish to offer the international public an up-to-date insight into Austrian social security and in doing so we hope to answer some questions on the wide variety of benefits provided by our system – a very successful system, which for over one hundred years has provided protection against a diversity of risks in life, and now covers almost 8 million people in Austria.

The editors

More information on social security can be found on the Internet home page of the Main Association:  
[www.sozvers.at](http://www.sozvers.at)



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## IMPRINT

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Social Security offers

# SECURITY FOR 8 MILLION PEOPLE

## UNDER WHAT LAW DO YOU QUALIFY FOR BENEFITS?

### ASVG

#### Health, Accident and Pension Insurance for:

- employed persons (wage and salary earners)
- freelance employees
- apprentices

#### Health Insurance for:

- pensioners according to the ASVG
- unemployed persons
- war widows and orphans
- dependants of persons insured under the ASVG who do not have their own insurance
- national servicemen

#### Accident Insurance for:

- schoolchildren
- students
- self-employed persons
- new self-employed persons
- low-income employed

### B-KUVG

#### Health and Accident Insurance for:

- persons employed under public service law
- certain other persons employed by the state

#### Health Insurance for:

- recipients of retirement or supplementary benefit
- dependants of persons insured under the B-KUVG who do not have their own insurance

### GSVG

#### Health and pension Insurance for:

- self-employed persons who are members of a chamber of commerce
- new self-employed & self-employed professionals

#### Health Insurance for:

- those drawing a pension according to the GSVG
- dependants of persons insured under the GSVG who do not have their own insurance

#### Pension Insurance for:

- self-employed professionals (dentists, vets, artists, journalists, chartered accountants)

### FSVG

#### Pension Insurance for:

- self-employed doctors, pharmacists, patent lawyers

#### Accident Insurance for:

- self-employed doctors

### BSVG

#### Health, Accident and Pension Insurance for:

- farmers (managing their own farms)
- dependants for whom farm work is the main source of employment (spouses, children)

#### Health Insurance for:

- pensioners according to the BSVG
- dependants of persons insured under the BSVG who do not have their own insurance

### NVG

#### Pension Insurance for:

- notaries
- trainee notaries



# THE ORGANISATION OF AUSTRIAN SOCIAL SECURITY

## A decentralised structure

Austrian social security comprises:

Health,

Accident and

Pension Insurance.

Responsibility for social security is delegated to independent bodies the insurance institutions.

There are 26 insurers – 18 providing health insurance and 8 general insurance institutions – some of which are also responsible for two or even all three types of social security.

For historical reasons the system is structured on a geographical as well as occupational basis.

## Main Association of Austrian Social Security Institutions

All insurers belong to the Main Association of Austrian Social Security Institutions (Hauptverband der österreichischen Sozialversicherungsträger). This umbrella organisation is responsible for safeguarding general social security interests and for representing the social security institutions in matters of common concern (e.g. concluding contracts with doctors, hospitals, etc.). It also represents the Austrian social security system in dealings with similar organisations abroad and, in an international context, acts as a liaison body in matters of health, accident and pension insurance.

The structure of the Austrian social security system has the advantage of customer-oriented service. The disadvantages of the decentralised structure are counter-balanced by the co-ordinating function of the Main Association.

## Health Insurance Institutions

- 9 District Health Insurance Funds (one in each federal province)
- 9 Occupational Health Insurance Funds
- Insurance Institution for the Austrian Mining Industry
- Insurance Institution of the Austrian Railways
- Insurance Institution for Public Service Wage and Salary Earners
- Social Security Institution for Trade and Industry
- Social Security Institution for Farmers

## Accident Insurance Institutions

- Austrian Workers' Compensation Board
- Insurance Institution for the Austrian Railways
- Insurance Institution for Public Service Wage and Salary Earners
- Social Security Institution for Farmers

## Pension Insurance Institutions

- Pension Insurance Institution for Wage and Salary Earners
- Insurance Institution for the Austrian Mining Industry
- Insurance Institution for the Austrian Railways
- Social Security Institution for Trade and Industry
- Social Security Institution for Farmers
- Insurance Institution for Austrian Notaries



## The Austrian Social Security Structure

*Main Association of Austrian Social Security Institutions*

Accident Insurance	Health Insurance	Pension Insurance
Austrian Workers' Compensation Board	9 District Health Insurance Funds	Pension Insurance Institution for Wage and Salary Earners
	9 Occupational Health Insurance Funds	
	Insurance Institution for the Austrian Mining Industry	Social Security Institution for Trade and Industry
	Social Security Institution for Trade and Industry	
Insurance Institution of the Austrian Railways		
Social Security Institution for Farmers		
Insurance Institution for Public Service Wage and Salary Earners		Insurance Institution for Austrian Notaries

## INDEPENDENT ADMINISTRATION



When the State transfers certain administrative responsibilities to those groups of people who have a direct interest in these tasks, this is known as independent administration. Administrative bodies are formed from representatives of these groups of people. The bodies thus formed are then responsible to the State for the administration of the area in question without being under direct state control.

Austrian social security has been run on this principle of independent administration since its inception – with the exception of the period from 1939 to 1947. Thus

the insured employee, who receives benefits and pays contributions, as well as the employer, who also pays contributions, have a direct interest in social security for employees. A self-employed person, who receives benefits and pays contributions, also has a direct interest in the social security provisions for the self-employed.

The legal representatives of these groups with a direct interest in social security are required to appoint representatives (“insurance representatives”) to take seats on the administrative boards of the social security institutions.



### GENERAL MEETING

(in the case of the Main Association: Association Conference) and Board of Administration Approval of the budget, the accounts, the discharge of the Board of Management, the statutes and amendments to these

### BOARD OF MANAGEMENT

(in the case of the Main Association: Board of Administration)

The executive body of the insurers, from whose members the chief executive officer and his deputy are elected

### BOARD OF CONTROL

The supervisory body

### CONTROLLING TEAM

(Main Association)

Monitoring and controlling of the institutions’ administration

### COMMITTEES

Decisions on benefits for those insured and on other matters delegated to them

## INTRODUCTION OF THE SOCIAL-SECURITY CHIP CARD (E-CARD) TO REPLACE VOUCHERS



With the introduction of the 56th and 59th amendments to the ASVG it was made possible to replace the old vouchers for health services with a chip card (e-card). This e-card will include personal data (name, social security number, date of birth) as well as insurance data (health insurance institution, exemption from prescription charges, first consultation per accounting period) and will be given to all insured persons and their dependants. The chip card replaces all vouchers for health services and treatments.

The e-card offers advantages for all participants of the social security system:

- Insured persons and dependants will have easier access to medical assistance, independent from their type of employment, because the employer need not provide vouchers
- Employers will benefit from less admini-

nistration, as no handling of vouchers is necessary

- Doctors under contract receive correct and secure data for their accounts and need not request missing vouchers.
- Insurance institutions do not have to issue vouchers to pensioners (ASVG-institutions) and insured persons (other institutions) anymore.

### TIME SCHEDULE

The time schedule for the introduction provides for a period of system development and testing after the tendering procedure has been completed. A trial run will be performed in selected reference doctors’ practices before introducing the system on a national scale.

In 2003 the Austria-wide installation of the system will take place. E-cards will be issued in line with the installation of the necessary terminals.

In the second half of 2002, all insured persons (ASVG and BKUVG) will be informed about the e-card and its use. There will be ample opportunity to point out possible errors and announce changes (dependants without their own social security number, change of address).

### EQUIPMENT FOR DOCTORS

#### UNDER CONTRACT

All doctors under contract will be provided with a doctor’s terminal and two special cards (for authorised use of the terminal and access to the data on the patients’ chip cards), for home visits a mobile terminal (approx. the size of a pocket calculator) is available. The terminal can be connected to the doctor’s computer system.



# SOCIAL SECURITY IS CUSTOMER SERVICE



he social security institutions are service organisations. Their aim is to fulfil their legal obligations simply and also at a low cost to the contributor and the insured. The money paid in contributions should be put to good use and this is not always easy. At present, the administrative expenses of providing these services are only 2.6% and very little advertising is used. However, Austria has been recognised for decades as a good example of how social security can be organised.

The organisational changes of the previous years have once again clearly improved the social security service.

## Customer service for all

Although social security has long been subdivided into

- Health Insurance
- Accident Insurance
- Pension Insurance

with the individual insurance institutions having to work closely together, this cooperation is being constantly improved. Anyone who wishes to communicate with a social security institution or to make an application must no longer first find the office responsible; the request, application or communication, etc., can be submitted to the nearest customer service office (office, district office, etc.) of a social security institution.

## The right entrance is everywhere

If an application is not submitted to the social security institution responsible for dealing with it, the office where it is submitted forwards the application to the right place without the applicant having to take any further action. This is also true of any correspondence and means that information intended for a social security institution – irrespective of which

type of insurance – can also be submitted at:

- pension insurance institutions during open days,
- cash offices of the district health insurance funds,
- offices of other social security institutions.

This means that deadlines can be met more easily. Deadlines are not missed when a letter is not immediately submitted to the right office. However, the final processing is still done by the appropriate office whose legal responsibility it is.

The social security institutions can hold informative events for their clients, the employee and employer, to improve the quality of customer relations.

The 52nd Amendment to the ASVG also created new customer contact points in the social security institutions in the form of **advisory councils** consisting of representatives of the employees, the employers, pensioners and those who receive care-related benefits.

## The "insurance record"

Social security benefits and in particular pensions depend substantially on the accumulated insurance periods. These include not only periods of employment but also of unemployment, maternity or paternity leave and illness. The time spent at school, in the army, as an apprentice, as a student or raising a child can also be important. Gathering data concerning these periods can be quite difficult, particularly if different employers are involved.

The insurance record was created to provide information about which data have already been recorded by the social security institutions. Anyone who has worked and paid social security contributions can immediately examine his/her most important social security data on this computer print-out, to

check whether, for example, a commencement of employment has been properly recorded. For previous years, the amount of the insurance (the so-called assessment basis) is also given.

Insurance records can be requested at all social security service offices (on presentation of an identity document including photograph).

## The social security number

For the insurers, the social security number has the same function as the number of a savings account. As names are not always written clearly (and because there are people with the same name born on the same day) there must be a key which uniquely identifies a person for the purposes of recording his/her insurance data. The social security number has three parts

- a serial number (first three digits)
- a check digit (fourth digit)
- the date of birth (fifth to tenth digits)

The check digit is arrived at by multiplying the other numbers following a predetermined scheme; the results are added together and divided by eleven; the remainder is the check digit. This computerised checking procedure, which takes a fraction of a second, ensures to a large extent that no false social security numbers are used and that typing errors are noticed quickly.



## SOCIAL SECURITY NUMBER

Factor row									
3	7	9	5	5	8	4	2	1	6
SN	SN	SN	CD	D	D	M	M	Y	Y
9	7	3	5	0	1	0	4	7	0

Place x Factor

- 9 x 3 = 27
- 7 x 7 = 49
- 3 x 9 = 27
- 0 x 5 = 0
- 1 x 8 = 8
- 0 x 4 = 0
- 4 x 2 = 8
- 7 x 1 = 7
- 0 x 6 = 0

---

126 : 11 = 11  
5 Rest

# THE FINANCING OF SOCIAL SECURITY

**T**he means required to provide social security come mainly from contributions payable by the insured – and in the case of employees by their employers as well. For the pension of self-employed small traders, funds are also raised from trade tax, and for farmers from a levy on agricultural and forestry enterprises.

In as far as these sources of income do not fully cover the benefits payable, the State assumes liability for the deficit in the form of a guarantee and provides a contribution from its general tax revenues.

In addition, the State makes a contribution to the health and accident insurance of farmers.

The amount of the contributions from the insured persons and their employers is calculated according to the contribution basis and the corresponding contribution rate.

## The basis for calculating contributions

The basis for calculating the contributions is the income earned by the insured; for farmers the calculations are based on the taxation value (assessed value) of the farm, which is set by the tax authority for the purposes of property tax.

However, for the calculation of social security contributions, earned income is taken into account only up to a fixed upper threshold (maximum contribution basis).

Very low incomes entail no obligation to have health and pension insurance according to the ASVG.

The low income thresholds are:  
 per month . . . . . EUR 301.54  
 per day . . . . . EUR 23.16

In the GSVG (self-employed small traders) there is a minimum contribution basis for health and pension insurance of EUR 1045.63 per month for small traders and of EUR 537.78 for new self-employed.

In the BSVG (farmers) there is only an obligation to have health and pension in-

urance when the assessed value exceeds EUR 1,500. The BSVG also has as a rule a minimum contribution basis of EUR 546.61 monthly.

## Civil servants

Civil servants have health and accident insurance but not pension insurance. They receive retirement benefit from the State and pay a contribution in the amo-

unt of 11.75% of their salary (no upper limit).

## Pensioners

To cover the cost of health insurance for pensioners, contributions are provided from the funds of the pension insurance institutions. Pensioners have a contribution of 3.75% deducted from their pension (with the exception of retired civil servants: 3.95% and orphans: no contribution).



Rates of Contribution	Share	
	Employer	Employee
<b>Non-self-employed</b>		
a) health insurance*)		
<b>salary earners</b>	6.80%	3.50%**)
<b>wage earners</b> for whom the Act concerning the continuation of payment during illness applies	7.60%	3.65%
<b>freelance employees</b>	6.50%	3.25%
<b>other insured persons</b>	9.10%	4.55%
<b>civil servants</b>	7.10%	3.15%
b) accident insurance		
<b>wage and salary earners, freelance employees</b>	1.40%	1.40%
<b>civil servants</b>	0.47%	0.47%
c) pension insurance		
<b>wage and salary earners, freelance employees</b>	22.80%	12.55%
<b>miners</b>	28.30%	18.05%
<b>Self-employed small traders</b>		
a) health insurance*)		8.90%
b) accident insurance		EUR p. a. 79.31
c) pension insurance		15.00%
<b>New self-employed</b>		
a) health insurance*)		8.90%
b) accident insurance		EUR p. a. 79.31
c) pension insurance		15.00%
<b>Self-employed professionals</b>		
a) health insurance*)***)		8.90%
b) accident insurance		EUR p. a. 79.31
c) pension insurance		20.00%
<b>Farmers</b>		
a) health insurance*)		6.40%
b) accident insurance (farm contribution)		1.90%
c) pension insurance		14.00%

\*) Incl. 0.5% additional contribution to hospital financing

\*\*\*) Incl. 0.1% supplementary contribution to finance health insurance for apprentices.

\*\*\*\*) If the insured remains in compulsory insurance

## Maximum Contribution Basis for 2002

ASVG	Health, pension and accident insurance . . . . .	EUR 3,270
ASVG	Freelance employees . . . . .	EUR 3,815
GSVG	Health and pension insurance . . . . .	EUR 3,815
BSVG	Health, accident and pension insurance . . . . .	EUR 3,815
B-KUVG	Health insurance . . . . .	EUR 3,270

# VOLUNTARY INSURANCE

## HEALTH INSURANCE

### ● Self-insurance

Persons who are not subject to compulsory insurance and are resident in Austria can register themselves for health insurance. The monthly contribution lies between EUR 36.21 and EUR 259.59 (2002). The economic circumstances of the insured are taken into account, if requested, when setting the contribution.

The district health insurance fund for the province in which the applicant is resident is responsible for arranging the self-insurance.

### ● Student insurance

Students are insured with their parents without paying contributions until they reach the age of 27 maximum. After this date they can, if they are normally resident in Austria, apply for self-insurance.

If the conditions of entitlement to a preferential student rate are fulfilled, the monthly contribution is EUR 36.21 of which the student pays only EUR 18.11 as the other half is financed by state funds.

In all other cases, the aforementioned rate applies for general self-insurance.

### ● Self-insurance for low-income employment

Persons not entitled to full insurance due to low earnings can, on request, be self-insured for health and pension insurance, provided they are resident in Austria.

The monthly amount is EUR 42.54 (2002).

The district health insurance fund in the province in which the applicant is resident is generally responsible for this self-insurance.

## ACCIDENT INSURANCE

### ● Self-insurance

Self-insurance is possible within the accident insurance scheme for:

- self-employed persons who are not subject to compulsory insurance, if the firm is based in Austria
- with the consent of the self-employed person, his/her spouse, children and dependants
- teachers in workshops, trade schools etc., if they are normally resident in Austria and are not already subject to compulsory accident insurance because of the nature of their employment.

### ● Higher insurance

Self-employed persons who are members of a chamber of commerce have the possibility to acquire rights to a higher pension through voluntary higher insurance.

## PENSION INSURANCE

### ● Extended insurance

The possibility of voluntary extended insurance is generally provided for in the pension insurance scheme. The prerequisite for this is that the applicant for extended insurance must be able to submit evidence of a certain amount of insurance periods.

### ● Self-insurance

If the applicant has no or insufficient insurance periods to date, then the right to extended insurance can be earned through self-insurance, provided he is resident in Austria.

This form of voluntary insurance enables persons who have never pursued an occupation subject to compulsory insurance (e.g. housewives) to earn their own right to a pension.

## Health Insurance

- self-insurance
- special form:
  - student insurance
- self-insurance for low-income employment

## Accident Insurance

- self-insurance
- higher insurance

## Pension Insurance

- extended insurance
- self-insurance
- self-insurance for low-income employment
- disabled child
- higher insurance

## The Difference

### Compulsory Insurance

- no declaration of intent on the part of the insured
- entry to system by law
- independent of notification (the insurance relationship exists without notifying the health insurance organisation)
- financed by employer and employee contributions

### Voluntary Insurance

- declaration of intent on the part of the insured
- entry on the basis of membership agreement (application)
- the insurance relationship only exists after notifying the insurer
- financed by the insured

### ● Self-insurance for low-income employed

(see adjacent details on health insurance)

### ● Disabled child

People who are resident in Austria and devote themselves to the care of a disabled child living in the same household

which takes up all their working time have the possibility to apply for self-insurance until the child reaches the age of 30. The contributions are paid by the Equalisation Fund for Family Benefit (Ausgleichsfonds für Familienbeihilfen).

Persons entitled to this form of self-insurance are:

- the physical parents and grandparents
- the adoptive (grand-)parents
- the step parents and
- the foster parents (§ 186 Civil Code – Allgemeines Bürgerliches Gesetzbuch).

In the pension insurance scheme only one person has the right to self-insurance for periods of caring for a disabled child.

**Higher insurance**

A further form of voluntary insurance is higher insurance.

Contributions to social pension insurance are only to be made up to a maximum contribution basis (2002: EUR 3,270 monthly). It thus follows that the level of the pension cannot exceed a certain value. To gain entitlement to a pension above this amount (which is particularly interesting to insured persons whose income significantly exceeds the maximum contribution basis), voluntary higher insurance is an option.

**Contributions**

The insured has a completely free choice concerning the amount and the timing of the contribution payments for higher insurance. However, there is an annual ceiling which cannot be exceeded. This is EUR 6,540 for the year 2002.

The insured retains his/her rights to higher insurance from paid contributions even if the contributions cease. Even a single payment leads to a higher pension.

**The benefits of higher insurance**

On the basis of higher insurance a special bonus amount (additional pension) is paid out in addition to the pension. This additional pension is then paid out



fourteen times a year just like the normal pension and is raised by the same percentage as the normal pension each time there is an adjustment.

The amount of the additional pension is directly related to the amount of the contributions paid. The higher the contributi-

on, the higher the additional pension. These contributions are revalued every year. This ensures that not only any loss in value due to inflation is avoided but, moreover, a real rise in value is guaranteed.

**Effects on surviving dependants pensions**

Surviving dependants can also enjoy the benefits of higher insurance. Widows (widowers) receive 60%, orphans with

one parent 24% and orphans with neither parent 36% of the additional pension.

**Contributions and benefits receive preferential tax treatment**

**Higher insurance contributions**

As a result of the tax reform 2000, higher insurance contributions are subject to a bonus payment by the state, similar to the Austrian „Bausparen“ system. The maximum amount for which the bonus is payable is identical to the maximum amount under the Bausparen system (EUR 1,000). Contributions exceeding this amount are tax-deductible as special expenses.

**The benefits of higher insurance**

are tax-free to the extent they are based on contributions subject to bonus payments. Benefits based on higher contributions are 75% tax-free.

The individual pension insurance organisations will be glad to give more detailed information. Their addresses and telephone numbers are listed on pages 44 to 47.



**Example**

An insured male, born 11 October 1937, aged 65 on 11 October 2002, old age pension granted on 1 November 2002:

Year of contribution payment	Age of insured	Contribution paid	Indexation factor	Actuarial factor	Additional monthly pension
1992	55	1,500	1.169	0.00846	14.83
1993	56	1,500	1.124	0.00825	13.91
1994	57	1,500	1.097	0.00803	13.21
1995	58	1,500	1.067	0.00778	12.45
1996	59	1,500	1.042	0.00751	11.74

The payments in the example made between 1992 and 1996 amounting to EUR 7,500 lead to a rise in pension of EUR 66.14 per month.

The additional pension resulting from contributions to higher insurance is calculated by multiplying the annually indexed contributions to higher insurance by certain factors, set according to actuarial principles.

The factor used in each case depends on the age of the insured when the contribution was paid, the age on the date from which the pension is claimed and the sex of the insured person.