

The Organisation of the Austrian Social Insurance

Subdivided System

The Austrian Social Insurance contains the Health- the Accident- and the Pension Insurances.

The enforcement of the Social Insurance has been given to individual corporate bodies – the Insurance Companies. There are 25 Insurance Companies – 17 Health Insurance Funds and 8 Insurance Institutions – some of which carry out two or more branches of Social Insurance. Due to historical reasons, the subdivisions are not only territorial but also occupational.

Main Association of Austrian Social Insurance Institutions

All Insurance Companies are combined in the Main Association of Austrian Social Insurance Institutions. This umbrella organization is responsible for the preservation of general interests of the Social Insurance and for the representation of the Insurance Companies regarding common affairs (f.ex. conclusions of treaties with hospitals, doctors, etc.). It further represents the Austrian System of Social Insurance at meetings with similar institutions abroad and functions as a contact for the Health- Accident- and Pension Insurances in interstate and international areas.

In the 52nd amendment to the ASVG, the responsibilities of the Main Association were expanded into more general competencies of the Insurance Companies and into the strengthened role of a strategic holding.

The system of the Austrian Social Insurance benefits from being close to the insured. The disadvantages of this form of organization are being evened out by the obligations of cooperation and coordination.

Health Insurance

- 9 District Health Insurance Funds (one for each province)
- 8 Occupational Health Insurance Funds
- Insurance Institution for the Austrian Mining Industry (until December 31, 2004)
- Insurance Institution of the Austrian Railways (until December 31, 2004)
- Insurance Institution for Civil Servants
- Social Security Institution for Trade and Industry
- Social Security Institution for Farmers

Accident Insurance

- Austrian Workers' Compensation Board
- Insurance Institution of the Austrian Railways
- Insurance Institution for Civil Servants
- Social Security Institution for Farmers

Pension Insurance

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

NOTE: the various Institutions for the Austrian Mining Industry of the Austrian Railways will unite as of January 1, 2005 into the respective Institutions for Railways and Mining Industry.

Independent Administration

Independent administration means that the State transfers certain of its administrative responsibilities to those groups of people who have a direct interest in these tasks. Representatives of these groups of people are to form administrative bodies which are responsible for the accomplishment of these administrative tasks – they are not subject to directives of the State.

With the exception of the time between 1939 – 1947, the Austrian Social Insurance has been enforced according to the principle of independent administration ever since its inception. The insured of the Social Insurance of Employees as benefit-receivers and contribution-payers as well as their employers (as contribution-payers) have a direct interest in the Social Insurance. Regarding the Social Insurance of Professionals, the insured are the sole benefit receivers and contribution payers and are therefore highly interested in their Social Insurance. The legal associations of these groups of insured have to nominate representatives (insurance representatives) to the administrative bodies of the Social Insurance.

Financing of the Social Insurance

The financial means of the Social Insurance are raised by collecting contributions that have to be paid by the insured – and in the case of employees by their employers as well. For the payment of the (old-age) pensions of farmers and self-employed professionals and small traders, certain tax-contributions are also used. If the income of the Pension Insurance does not suffice for the total coverage of the insurance benefit, the State makes contributory payments from general taxes in the form of a secondary liability. Furthermore, the State separately contributes to the Accident Insurance of the farmers. The amount of the contribution of the insured and their employers depends on the assessment of contributions and the respective contribution rate.

Assessment of Contributions

The basis for the calculation of contributions is the income earned by the insured; for the farmers, the contributions are being calculated on the basis of the revenue value (assessed value) which has been ascertained by the tax office for purposes of property tax.

For the calculation of the social insurance contributions, however, only the income up to a certain income threshold (maximum contribution basis) is being used. According to the ASVG, very small income entails no obligation to have health and pension insurances.

Low income threshold (insignificant part-timers)

Monthly EUR 316,19

Daily EUR 24,28

The GSVG (self-employed small traders) states a minimum contribution basis for Health- and Pension Insurances. The minimum tax limit is EUR 563,90 for the Health Insurance and EUR 1.096,42 for the Pension Insurance for small traders and EUR 537,78 for full-time "new" self-employed people. The BSVG (farmers) states an overall insurance duty for Health and Pension Insurances only if the assessable value exceeds EUR 1.500,--. The BSVG also has a minimum contribution basis of EUR 583,48 per month.

Civil Servants

Civil Servants are health- and accident insured, but have no Pension Insurance. They receive a retirement benefit from the State and pay between 11,05% and 12,55% of their salary (no upper limit) as a pension contribution.

Pensioners

For the Health Insurance of pensioners, contributions have to be taken from the means of the Pension Insurance. The pensioners themselves have a contribution of 4,25% of their pension payment deducted (except the orphans' allowance: no deductions). In addition, 0,1% supplementary tax is deducted for the financing of insurance payments reasoned by accidents.

Voluntary insurances

Health Insurance

- Self-insurance within the Health Insurance: people who are not subject to compulsory insurance and are resident in Austria may take advantage of a self-insurance. The monthly contribution lies between EUR 40,76 and EUR 292,21 (2004).
- Students' insurance: until their 28th birthday, students may be co-insured with their parents (non-contributory). Afterwards, they may apply for self-insurance, provided they live in Austria. Conditional on the fulfilment of the requirements for the students' tariff, the monthly contribution amounts to EUR 40,76 of which students have to pay only EUR 20,38 as the other half is being financed from Federal funds (2004).
- Self-insurance for insignificant part-timers: people who are not included in the full insurance benefit due to their low income may request Health and Pension Insurances provided they are resident in Austria. The monthly contribution amounts to EUR 44,61 (2004).

Accident Insurance

- Self-insurance: self-insurance within the Accident Insurance is possible for
 - Self-employed persons who are not subject to compulsory insurance provided their enterprise is located in Austria
 - Teachers in workshops, companies, technical colleges, etc. provided they are resident in Austria and are not obligatorily insured.
- Higher Insurance: self-employed people who are members of a chamber of commerce or are "new self-employed" people, are given the possibility to attain higher pension-payment entitlements by voluntarily increasing their insurance contributions.

Pension Insurance

- Extended insurance: in general, the Pension Insurance allows for a voluntary extended insurance. An applicant for such an extended insurance needs to prove to have obtained a certain amount of contribution years.
- Self-insurance: if no or insufficient contribution years have been obtained, the entitlement to continued insurance may be attained via self-insurance provided the applicant lives in Austria. This form of a voluntary insurance enables those persons who did not pursue an occupation with obligatory insurance (f.ex. housewives) to obtain their own entitlement to an old-age pension.
- Self-insurance for insignificant part-timers: see explanations within the chapter Health Insurance

- Self-insurance while nursing a handicapped child: persons who are resident in Austria and who dedicate all their time and energy to the care of a handicapped child living in the same household are given the possibility to insure themselves at the Pension Insurance until the 31st birthday of their child. The premium is being paid by the Equalisation Fund for Family Allowances (Ausgleichsfond für Familienbeihilfen).
- Higher insurance: an additional form of voluntary insurance is the higher insurance. Contributions for the Pension Insurance are to be paid to the maximum contribution basis (in 2004: EUR 3.450,- per month). Thus it follows that the pension payment cannot exceed a certain amount. In order to gain entitlement to an additional pension above this amount, the voluntary higher insurance is being offered. This is of special interest for those insured whose income significantly exceeds the maximum contribution basis.

Premiums

The insured can freely choose time and amount of the increased insurance. However, the annual maximum contribution (for 2004: EUR 6.900,--) may not be exceeded.

Benefits from a higher insurance: a certain “bonus amount” (additional pension) will be granted which will be paid out in addition to the regular pension; the increase amount will be paid out 14 times per year and will be increased by the same percentage as the normal pension each time there is an adjustment.

Effects on surviving dependents’ pensions: surviving dependents will also profit from the benefits of the higher insurance. Widows and widowers receive 60%, orphaned children receive 24% (loss of one parent) or 36% (loss of both parents) of the additional pension.

Premiums and benefits receive preferential tax treatment

As a result of the tax reform 2000, higher insurance contributions are subject to a bonus payment by the State; this bonus payment is – technically speaking – similar to the model of a building society savings contract (Bausparvertrag). The maximum amount for which the bonus is payable is identical to the maximum amount under the “Bausparen” system (EUR 1.000,--). Premiums exceeding this amount are tax-deductible as special expenditure.

Benefits from higher insurances are tax-free provided they are based on contributions subject to bonus payments. Benefits based on higher contributions are 75% tax-free.

Example

An insured male, born on October 11, 1936; aged 65 on October 11, 2004; old-age pension granted on November 1, 2004.

Year of contribution payments	Age of insured	Paid contributions (in EUR)	Indexation factor	Actuarial factor	Additional monthly pension
1994	55	1.500,--	1,115	0,00846	14,15
1995	56	1.500,--	1,084	0,00825	13,41
1996	57	1.500,--	1,058	0,00803	12,74
1997	58	1.500,--	1,058	0,00778	12,35
1998	59	1.500,--	1,045	0,00751	11,77

The total amount of paid contributions of EUR 7.500,-- (between 1994 – 1998) results in an increase of the pension payment of EUR 64,42 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 the actuarial principles. The given factor depends on the age of the insured at the time of contribution payment, on the age at the deadline and on the sex of the insured person.

Health insurance – people covered by the Health Insurance

Benefits at a glance

Sickness	Preventive care
<i>Benefits in kind</i>	Mother-Child Passport
Medical care by doctors and dentists	Adolescent check-ups
Medicines	General check-ups
Home medical care	Preventive measures
Psychotherapy	
Clinical psychology	Health Insurance-owned institutions
Medical rehabilitation	Numerous other benefits
Ergotherapy	
Hospital care	Maternity
<i>Financial benefit</i>	Hospital care
Sickness benefit	Maternity allowance

The benefits of the Health Insurance can be taken advantage of by

- the insured
- close relatives who are not covered by a legal health insurance

Close relatives

The term “close relatives” refers to spouses and children of the insured; on certain conditions, parents and other relatives of the insured (f.ex. grandchildren and stepchildren) as well as live-in partners may be included – provided they have been sharing the household with the insured for more than ten months.

Children are considered close relatives until their 19th birthday; afterwards, they are co-insured with a parent if they study at a university or are in training.

Children who are studying at a university remain insured with a parent until their 28th birthday. Children who are incapacitated due to illness or an affliction may remain co-insured with a parent without time-limit.