INSURED COLLECTIVELY
Social Security in Austria
The Social Safety Net

Social Insurance is a main pillar of the Austrian Social Safety Net and plays a major part in maintaining social cohesion in our modern society. Its three branches offer assistance and thorough protection in case of accidents, illness and old age.

The three branches of Social Insurance

- **Health Insurance**
  - covers approx. 8.8 mln. people
  - in case of illness or maternity

- **Accident Insurance**
  - covers approx. 6.0 mln. people
  - in case of work-related accidents or occupational diseases

- **Retirement Insurance**
  - covers approx. 6.2 mln. people
  - for old age, surviving dependants and disability

Social spending in relation to GDP

Social spending 2018: 109.3 bn. Euro = 28.3 % of GDP

- Retirement Insurance 11.2 %
- Health Insurance 5.0 %
- Accident Insurance 0.4 %
- Various social spending 11.7 %
  - civil servant pensions, family benefits, unemployment insurance etc.

Q.: Sozialversicherung, Statistik Austria, WIFO.

Self-Government

Social Insurance in Austria is organized according to the principle of Self-Government. The state transfers certain administrative tasks and responsibilities to those groups that are directly affected.

Workers / Employees
- elect representatives
- from e.g.: 
  - AK
  - ÖGB

Self-employed / Employers
- elect representatives
- from e.g.: 
  - WKO
  - IK

These send representatives / stakeholders to the SV

Austrian Social Insurances

- **ÖGK**
  - Austrian Health Insurance Institute
  - 9 regional offices

- **AUVA**
  - Public Accident Insurance Institution
  - 4 regional offices

- **PVA**
  - Retirement Insurance Institution
  - 9 regional offices

- **SVS**
  - Social Insurance Institution for self-employed persons
  - 9 regional offices

- **BVAEB**
  - Social Insurance Institution for civil servants, railway workers and miners
  - 7 regional offices

8.9 mln. people including citizens residing abroad.
Solidarity

Solidarity is an act of conscious consideration, based on the insight that we all rely on each other. Each person contributes according to their capabilities without demanding anything in return. Solidarity keeps a society together.

Solidarity is the premise for Social Insurance

A functioning society contains all manners of solidary relationships. Between healthy and ill people, between young and old people, between single households and families, between high- and low-income earners etc.

The intergenerational agreement

An especially impressive kind of solidarity is the intergenerational agreement or contract. The intergenerational agreement is not a paper contract but refers to a balance of interests between generations. Parents finance their children’s education; in return the children finance their parent’s retirement once they have started their professional life. Currently approximately 19% of the Austrian population is 65 years or older. There are as many senior citizens as children and teenagers.

Austrian population by age 2019\(^1\)

\[^1\)\] Sum of population at the beginning of the year.
Compulsory Insurance

A typical feature of the Austrian social security system is the Compulsory Insurance, which includes almost all employed persons in the social security system. If a person is gainfully employed, there is Compulsory Insurance which provides insurance cover. Social Insurance benefits are mainly financed by „compulsory contributions“ paid by the employed and their employers.

There are about 4.3 million people in employment in Austria. That is almost half of all inhabitants. Employers are also obliged to make contributions for their employees.

Working population in Austria 2018

<table>
<thead>
<tr>
<th>Working population in Austria 2018</th>
<th>annual average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent employees</strong></td>
<td><strong>Self-employer</strong></td>
</tr>
<tr>
<td>Employees</td>
<td>Apprentice</td>
</tr>
<tr>
<td>Employees¹)</td>
<td>2.6 mln.</td>
</tr>
<tr>
<td>Apprentices</td>
<td>0.1 mln.</td>
</tr>
<tr>
<td>Workers</td>
<td>1.1 mln.</td>
</tr>
</tbody>
</table>

Q.: BMSGPK, Statistik Austria.

¹ incl. freelancers and civil servants: officials and contract staff.

<table>
<thead>
<tr>
<th>Dependent employee</th>
<th>Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PAY SLIP</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Gross salary</strong></td>
<td>EUR 2,200.00</td>
</tr>
<tr>
<td><strong>Social Insurance contributions</strong></td>
<td></td>
</tr>
<tr>
<td>• Health Insurance</td>
<td>EUR 85.14  (3.87 %)*</td>
</tr>
<tr>
<td>• Retirement Insurance</td>
<td>EUR 225.50 (10.25 %)*</td>
</tr>
<tr>
<td>• Accident Insurance</td>
<td>EUR 0.00   (0.00 %)*</td>
</tr>
<tr>
<td>• Unemployment Insurance</td>
<td>EUR 66.00  (3.00 %)*</td>
</tr>
<tr>
<td>Chamber allocation</td>
<td>EUR 11.00  (0.50 %)*</td>
</tr>
<tr>
<td>Housing subsidies</td>
<td>EUR 11.00  (0.50 %)*</td>
</tr>
<tr>
<td>Income tax</td>
<td>EUR 212.38</td>
</tr>
<tr>
<td><strong>Net salary</strong></td>
<td>EUR 1,588.98</td>
</tr>
</tbody>
</table>

Q.: AK, BMF, ÖGB – *%-Information relating to gross salary.

¹) incl. “family bonus plus”,

² incl. Unemployment Insurance.
No Risk Selection

In Austria, medical services are available to all socially insured persons regardless of their individual risk. Social and Private Insurance differ in essential ways.

- **Social Insurance**

  The Social Insurance **may not refuse** an insurant assigned to it by law.

- **Private Insurance**

  Private Insurance **can reject high risks** (in the case of occupational high risk of accidents, because of age, because of previous illnesses ...).

Non-profit oriented

The Social Insurance institution is legally required to use contributions in a cost effective and expedient way. It pursues social rather than market-based objectives. The social security system provides high-quality services for all insured persons. Of every 100 euros in premium income, about 98 euros are spent on benefits for the insured.

Comparison of administrative costs

The administrative costs of the Austrian social security system are very low at around 2% of total expenditure. In comparison, Private Insurance companies require about 6% (or 15 – 30% with professional expenses) of their total expenditure to cover their administrative costs.

Social security revenues and expenditures 2018

![Diagram showing social security revenues and expenditures 2018](image)
Protection in case of illness

In Austria 99.9% of the resident population are protected by Social Health Insurance.

- Provisional care
- Illness
- Remedies / Cures
- Maternity

Distribution of protected persons 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Icon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed and voluntarily insured persons</td>
<td>47</td>
<td><img src="image1.png" alt="Icon" /></td>
</tr>
<tr>
<td>Retirees</td>
<td>25</td>
<td><img src="image2.png" alt="Icon" /></td>
</tr>
<tr>
<td>Relatives</td>
<td>22</td>
<td><img src="image3.png" alt="Icon" /></td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td><img src="image4.png" alt="Icon" /></td>
</tr>
</tbody>
</table>

With an average monthly contribution of 83 euros, the insured person and his / her relatives enjoy comprehensive protection (care by doctors in private practice, hospitalisation, etc.). Around **22% of protected persons are relatives** who are co-insured free of charge.

The costs of health

The ever-increasing range of services and ever-improving medicines gradually increase expenses.

Social Health Insurance expenditure 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>28%</td>
</tr>
<tr>
<td>Doctors</td>
<td>19%</td>
</tr>
<tr>
<td>Medicine</td>
<td>12%</td>
</tr>
<tr>
<td>Miscellaneous <strong>1)</strong></td>
<td>6%</td>
</tr>
<tr>
<td>Dentists</td>
<td>4%</td>
</tr>
<tr>
<td>Sickness benefits</td>
<td>4%</td>
</tr>
<tr>
<td>Maternity benefits</td>
<td>3%</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>6%</td>
</tr>
</tbody>
</table>

Whereas the cost of medical assistance has more than doubled in the last 20 years, the administrative and billing costs have remained relatively constant.

The largest expenditures of Social Health Insurance

<table>
<thead>
<tr>
<th>Year</th>
<th>Medical assistance</th>
<th>Institutional care</th>
<th>Remedies</th>
<th>Administrative expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td><img src="image5.png" alt="Icon" /></td>
<td><img src="image6.png" alt="Icon" /></td>
<td><img src="image7.png" alt="Icon" /></td>
<td><img src="image8.png" alt="Icon" /></td>
</tr>
<tr>
<td>2005</td>
<td><img src="image9.png" alt="Icon" /></td>
<td><img src="image10.png" alt="Icon" /></td>
<td><img src="image11.png" alt="Icon" /></td>
<td><img src="image12.png" alt="Icon" /></td>
</tr>
<tr>
<td>2015</td>
<td><img src="image13.png" alt="Icon" /></td>
<td><img src="image14.png" alt="Icon" /></td>
<td><img src="image15.png" alt="Icon" /></td>
<td><img src="image16.png" alt="Icon" /></td>
</tr>
<tr>
<td>2018</td>
<td><img src="image17.png" alt="Icon" /></td>
<td><img src="image18.png" alt="Icon" /></td>
<td><img src="image19.png" alt="Icon" /></td>
<td><img src="image20.png" alt="Icon" /></td>
</tr>
</tbody>
</table>

Q.: Sozialversicherung.

**1)** Rehabilitation benefits, medical rehabilitation, health consolidation and prevention of illness, transport costs, depreciation, etc.
Services of the Social Health Insurance
The progress in medical services is enormous. However, new technologies and increasingly effective drugs are not the only answers to new challenges and higher demands in the health care system and to demographic changes. Provisional health care and health promotion are becoming increasingly important.

Preventive examinations
- Adolescent examinations
  The eligible recipients are all compulsorily insured young people up to the age of 18.

- Preventive (health) check-ups
  Insurants and their relatives are entitled to an examination once a year from the age of 18. In 2018, over 1.2 million preventive medical check-ups were carried out.

Percentage of 15-year-olds who...
- ... engage in intensive physical activity for at least 2 hours a week
  - female: 54%
  - male: 74%

- ... eat fruit and vegetables daily
  - female: 30%
  - male: 22%

- ... do not smoke daily
  - female: 91%
  - male: 90%

Q.: BMSGPK.

The benefits of the Social Accident Insurance
The Social Accident Insurance covers employed and self-employed persons, pupils and students as well as five-year-old kindergarten children. The total number of people insured against accidents averages 6.0 million in 2018.

Accidents connected with their education lead to compensation from the Social Accident Insurance: e.g. accidents on the way to school, during participation in lessons, during excursions and on skiing courses. No contributions are collected from the insured pupils and students.

- Prevention of accidents at work and occupational diseases
- Occupational medical care
- Accident treatment
- Rehabilitation
- Compensation after accidents at work and occupational diseases e.g. disability pension, survivors’ benefits, integrity compensation

Total claims
recognised by AUVA; figures rounded

Q.: AUVA.
Financing Social Accident Insurance
96.7% are financed by employer contributions and 3.3% by other revenues (federal government and family equalisation fund).

Accident Insurance expenditure 2018

Prevention, i.e. the prevention and avoidance of accidents at work and occupational diseases, is the most important aspect of Accident Insurance. Every year, about 650,000 accident victims receive medical care in Austria. After serious injuries, further treatments are often necessary. These range from remedies to rehabilitation measures and financial support.

Development of Disability pensions and Survivors’ pensions
December figures

Pension beneficiaries and pensions
Almost 3.5 million out of 4 million pension policyholders (insurance relationships) are employed persons.

Pensions by pension type
all pensions as of December 2018

Approximately 4 million employees are covered by Retirement Insurance. Every month, about 2.4 million pensions are paid out to 2.1 million people. The Social Pension Insurance is by far the most important old-age provision in Austria. It ensures that the standard of living in old age is extensively secured.
The benefits of the Social Pension Insurance

- **Payment of pensions in the event of**
  - old age
  - death: widows’, widowers’ and orphans’ pensions (survivors’ pensions)
  - reduced capacity to work: invalidity and occupational or disability pensions before the age of 60 or 65
  - long-term insurance
- **Rehabilitation measures**
- **Measures of preventive health care**

The total expenditure of Social Pension Insurance in 2018 amounted to approximately 43.1 billion euro.

Financing Social Pension Insurance – the pay-as-you-go system

The pensions paid out are largely financed directly by the contributions paid by the working population. In addition, there is the federal contribution from general tax revenues. In 2018, the so-called „Deficiency liability of the Federal Government“ amounted to approximately 7 billion euros.

The pay-as-you-go system:
- has no investment and inflation risk
- is financed by contributions - fixed percentage of gross income
- strengthens the sense of solidarity
- has a low administrative burden

The pension burden ratio

1000 employees paying pension insurance cover ... pensions.

Funding of pensions

Rising life expectancy and low birth rates are changing the age composition of the population. The resulting challenges to the pension system can be overcome if timely reforms are implemented to adapt to the changed structures.

Population pyramid

- 2010
- Forecast 2060

Q.: Sozialversicherung.

Q.: Statistik Austria.
The e-card: key to the healthcare system

The e-card is the personal key of each insured person to the Austrian health system and enables access to the electronic health file (ELGA). No medical data is stored on the card itself; it opens secure access to data and services in the e-card system. These include the digital illness and recovery notification and electronic assignment among others. By inserting the e-card medical professionals can confirm health insurance cover or other ongoing medical treatments.

On the back of the e-card is the European Health Insurance Card (EKVK). The EKVK is a verification of insurance in the member states of the European Union and in some other states with which Austria has signed an agreement.

How your photo gets on the e-card

Since 1.1.2020, every newly issued e-card for persons aged 14 and over must include a photograph of the insured person.

Exceptions

- **Children under the age of 14** will continue to receive an e-card without a photo — regardless of whether a photo from one of the registers is available.
- **Persons of the age of 70 and care level 4 and above** are exempt from the photo obligation. If a photo from one of the above-mentioned documents is available, it is placed on the e-card. If no photo is available, an e-card without a photo will be issued. However, these persons can voluntarily bring a photo for the e-card.

Further information:

www.chipkarte.at/foto
Examples of IT-projects

The digitisation strategy of the Austrian social security system is diverse. The “Austrian Social Insurances” is the central coordinator of numerous IT-projects.

- **My SV – The social security service portal**
  With the social security service portal at www.meineSV.at, insured persons can take care of many things online:
  — Check insurance periods.
  — View doctor’s visits and treatments.
  — View personal pension account.
  — Submit bills from preferred physicians.
  — And much more.

- **ELGA – Electronic health record and e-medication**
  ELGA provides a better overview of health data and medicines prescribed and dispensed in pharmacies – for treating physicians, hospitals, nursing homes, pharmacies and above all for the patients themselves:
  — ELGA findings are available independent of time and location.
  — Undesirable drug interactions can be avoided.
  — Patients can view their ELGA results and their e-medication list via the ELGA portal www.gesundheit.gv.at.

- **1450 – Health advice by telephone**
  — Telephone health advice for sudden health problems.
  — Covers all of Austria, around the clock, seven days a week and free of charge.
  — A specially medically trained and qualified nurse advises directly on the phone, gives a suitable recommendation and can also immediately send the emergency service (with / without emergency doctor).

Overview of IT-projects

- **Identity verification**
  - e-card
    Implementation of the e-card with photo

- **Organisation**
  - MeineSV
    Digital online service portal
  - ELGA
    Digital health record
  - e-Medikation
    All medications at a glance

  - eKOS
    Electronic communication service (e-assignment)
  - mBGM
    Monthly contribution base notification

- **Information**
  - MedBusters
    The app for healthy knowledge
  - Therapie Aktiv
    Care and therapy plan for type 2 diabetics
  - 1450
    Health advice by telephone

- **Innovative treatment methods**
  - AI
    Implementation of artificial intelligence
Social security and health care system in the European context

The cross-border mobility of insured persons is constantly increasing. People study, work, live and go on holiday in other European countries. In order to maintain the high quality of care, social security must increasingly be thought of as Europe-wide.

70,000 insured Austrians work in other European countries annually.

115,000 medical treatments of Austrian insurants in Europe per year.

1,900 accident annuities per year to Austrian benefit recipients in Europe.

182,000 pensions per year to Austrian benefit recipients in Europe.

Q.: Sozialversicherung. — Reference period 2018 for EU and EEA countries.