

# Social Welfare – innovative and sustainable

## *The Swedish Case*



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# The Swedish welfare system

- **Universal** welfare system → principle of equal access, “from cradle to grave”
  - Includes such as health care, social care and education
- Publicly funded through **taxes** – minimal private insurance
- Features elements of **allocation policy** – aiming for equality and solidarity
  - Social insurance system combined with collective savings (allocating between generations) etc.
- **Income guarantee** – not employment guarantee
  - Model builds on employment as base for financing of the joint system
- **Primarily public provision** (approx. 80%) – privatisation started 1990→
- Very high degree **independent self-governing** municipalities and county councils, therefore models vary dramatically

# The Swedish social insurance system

- The **Swedish social security** is mainly handled by the Swedish Social Insurance Agency and encompasses **many separate benefits**, such as:
  - "Barnbidrag": Monetary support for children up to 16 (support also available for older students)
  - "Föräldrapenning": Benefits to be able to be home from work to take care of their children for up to 480 days per child. It also includes special benefits to care about sick and disabled children.
  - "Bostadsbidrag": Housing allowances for anyone who otherwise can't afford housing.
  - "Sjukpenning", "Sjukersättning" and "Handikappersättning": Benefits if you are ill or disabled and can't work.
  - "Arbetslöshetsersättning": Benefits for unemployed (time limited to 300 days, five days a week, which means 60 weeks)
  - "Ålderspension", "Garantipension": Benefits for those who have retired.
  - "Försörjningsstöd": Benefits for anyone (and their children) who otherwise can't get a reasonable standard of living. This is given out purely on a need-basis and handled by each municipality's social service.
- **Redistribute** in the form of **taxed income/social fees**
- Based on a tradition of a constructive **social dialogue**
- **Recent changes** questions the basic concept of the social insurance system (from compensation for lost income to basic protection)

# Current developments

- **Stress on the “traditional” Nordic model, due to:**
  - Demographic change
  - Aging population = more complex needs, high pension costs
  - Current refugee situation
  - Globalisation
- **Issues:**
  - How much can/should welfare cost?
  - Combining private and public providers/funding?
- **Policy developments:**
  - Clear policy aim for ensure freedom of choice, multiple providers and more not-for-profits

# Case 1: Childcare

- Children has **legal right** to child care from 1 year (Förskolelagen)
  - Municipality must provide place within 4 months
  - Child from age 3 gets free care 525h/yr
  - Unemployed right to 15h/wk
  - Most children attend childcare

# Providers and financing

- **Multitude of providers** – public, for-profit or non-for-profit
- Approx. 20% are not-for-profits
- **The money follows the child**
  - Total cost in Sweden 2,3% of GDP
  - On average 40% paid by state, 40% paid by municipality and 10-20% by parents (based on income)
  - Example of max fee (based on income of 4500 euro/month, is 150 euro/month, more children less cost)

# Case 2: Elderly Care (I)

- **Legal base** for elderly care (Socialtjänstlagen and Kommunallagen)
- Based on the key principle “**hemlinjen**” – support provided to be able to stay at home as long as possible (independence and cost savings)
  - Care for in home (legal right, tax financed)
  - Elderly care home (legal right, tax financed) → 120,000 persons (särskilt boende)
  - (Senior citizen’s homes - seniorboende)
- Can be provided by persons employed by the municipality, private or by family members

# Case 2: Elderly Care (II)

- **Care need assessment** by municipality, regarding need for support
  - Adjust living accommodation
  - Need for home service
  - Need for transport service
  - Need for health care, advanced care (cooperation between municipality and region)



# Providers and financing

- Public 80%, private 15%, not-for-profit 5%
- Prices vary but based on:
  - Financing from municipality plus own contribution based on income, wealth, pensions
  - Min living income 500 euro, max fee to pay 180 euro (only for home care)
- Private providers are commissioned through Act of Free Choice
- Or public providers (egen regi)
- Cost for elderly care 2,6% of GDP

# Conclusion

- Robust system until now - stress due to recent key changes
- System is based on employment - unemployment levels (jämviktsarbetslöshet) at 4% finances the system → now increasing 6,05%...
- Expected higher costs for welfare (demography and refugees)
- **Not-for-profits as providers**
  - Political will to grow sector
  - Key barriers procurement and financing for expansion/innovation
  - Reforms underway to improve conditions