

**SECOND INTERGOVERNMENTAL REGIONAL  
CONFERENCE  
ON AGEING**

**Brasilia, Brazil, 4 to 6 December, 2007**

**Social Security Panel: Advances in  
coverage, quality and financing  
countries of the region: the Aruban  
experience**

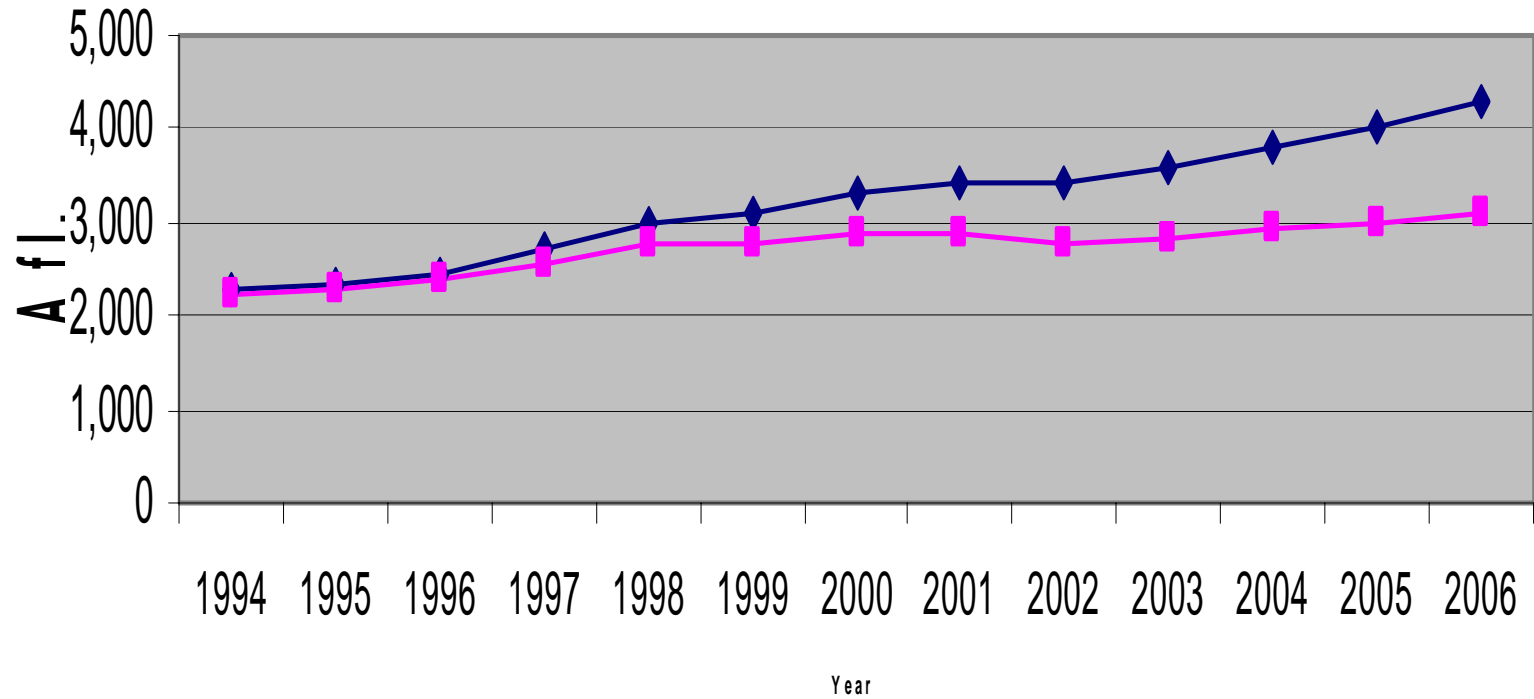
**LOCATION:** 14 miles north of the coast of Venezuela

**POPULATION:** 106.000 (end 2006)

**POLITICAL SYSTEM:** autonomous part of the Kingdom of the Netherlands with a parliamentary democracy



# GDP Growth (US\$=Afl. 1,80)



—◆— GDP (nominal) —■— GDP (Real)

# Social Welfare System

- Based on a public-private partnership at the implementation level.
- Policy definitions are in the hands of the government, with participation of line directorates.
- Has many features usually found in the so-called welfare-states, especially in the way public services and benefits are financed. Most of them are paid for or warranted by state funds.

**OVERVIEW OF TOTAL EXPENDITURES (IN THOUSANDS AFL.) BY EXISTENT SOCIAL INSURANCE PROGRAMS AND WELFARE BY TOTAL YEAR AND PERCENTAGE OF GDP**

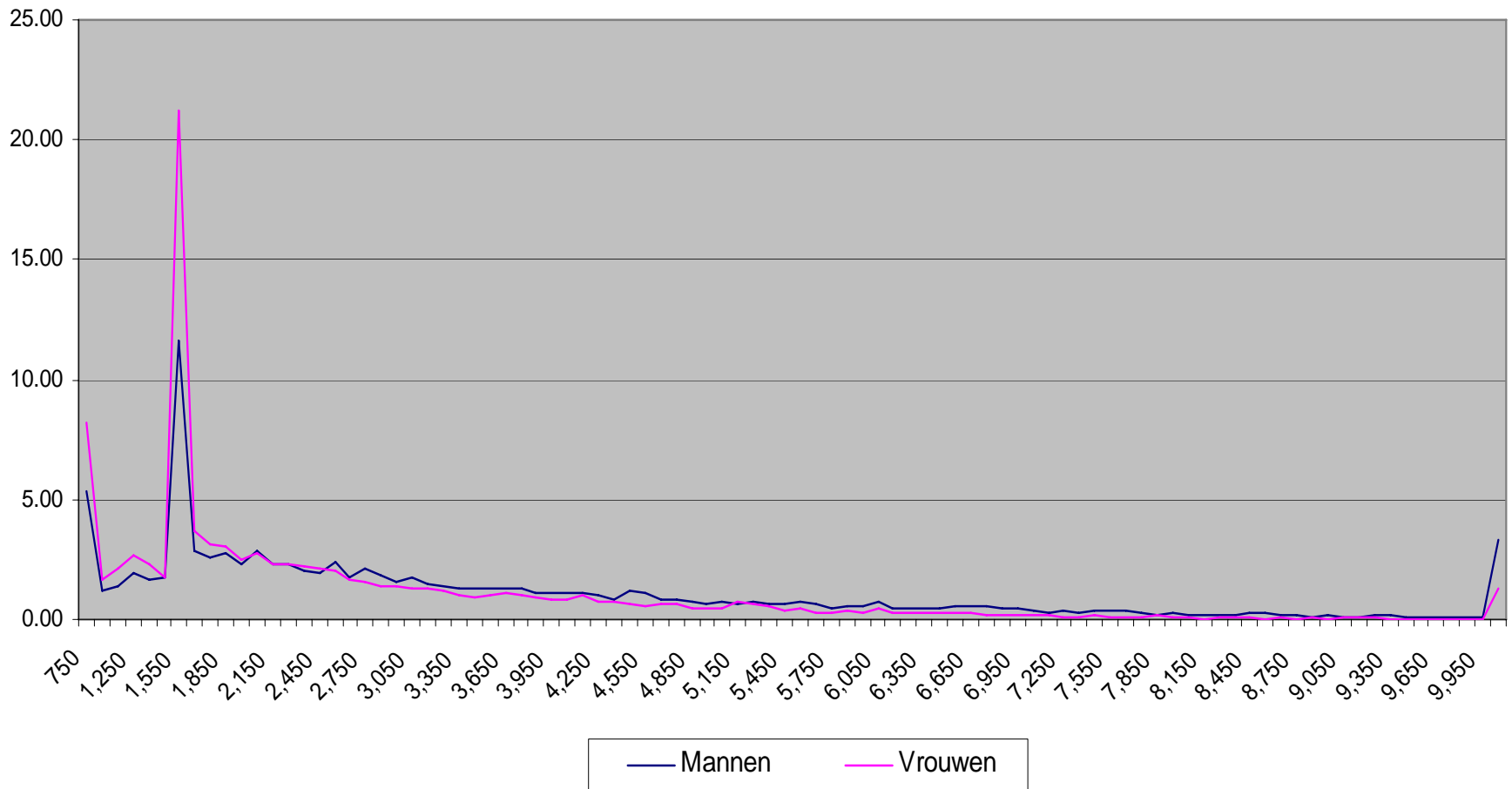
**ENTITLEMENTS**

	1997	1998	1999	2000	2001	2002	2003
Old age % GDP	102.690 (3.7%)	110.954 (3.7%)	113.501 (3.7%)	117.205 (3.5%)	127.232 (3.7%)	128.187 (3.8%)	130.724 (3.6%)
Survivors % GDP	8.591 (0.3%)	9.269 (0.3%)	9.322 (0.3%)	9.983 (0.3%)	10.211 (0.3%)	10.266 (0.3%)	9.698 (0.3%)
Sickness % GDP	48.315 (1.8%)	55.317 (1.8%)	51.968 (1.7%)	56.582 (1.7%)	12.947 (0.4%)	12.178 (0.4%)	15.845 (0.4%)
Work accident % GDP	6.413 (0.2%)	4.563	4.473 (0.2%)	4.654 (0.1%)	2.649 (0.1%)	2.395 (0.1%)	2.700 (0.1%)
Cessantia % BBP	500 (0.02%)	600 (0.02%)	500 (0.02%)	700 (0.02)	900 (0.03%)	900 (0.03%)	900 (0.02%)
Univ, H.Care % GDP						245.366 (8.9%)	249.102 (9.1%)
Welfare check % GDP						20.022 (0.6%)	19.567 (0.5%)
<b>Total % GDP</b>	<b>166.509 (6.1%)</b>	<b>180.703 (6.1%)</b>	<b>179.764 (5.9%)</b>	<b>189.824 (5.7%)</b>	<b>153.939 (4.5%)</b>	<b>419.314 (12.3%)</b>	<b>428.536 (11.9%)</b>

## Recommended steps by ILO to prevent Old age/Survivors' funds to exhaust by 2025

- Increase normal retirement age from 60 to 62;
- Individualization of the pension (it is now based on one working head of household in a conventional nuclear family);
- Increase the legal contribution rate gradually from 12.5% to 16.5%. The latter is based on indexation through the national average wage index as opposed the presently applied consumer price index method.
- Consider introducing a component on top of the existing scheme in order to provide additional old-age pension income based on individual (additional effective) contributions.

# Income distribution in the year 2005



# **‘Break-even point’ for funds and % of people needing solidarity (2005)**

**- Government grant for NHI included -**

<b>Fund</b>	<b>BEP (in Afl.)</b>	<b>% needing solidarity</b>
<b>NHI</b>	<b>2.650</b>	<b>58.6</b>
<b>Old Age</b>	<b>2.150</b>	<b>48.2</b>
<b>TOTAL</b>	<b>2.450</b>	<b>54.7</b>



# Mix of Financing Mechanisms and Health Services in Aruba

<b>SERVICES-ACTIVITIES</b>	<b>FINANCING</b>
Public health- disease control, health promotion	Taxes
Ambulatory care – preventive and curative	Taxes, Univ. health insurance, Out of the pocket
Hospital care	Univ. health insurance, Complementary private health insurance
Institutional long-term care	Taxes and Out of the pocket
Drugs and diagnostics	Universal health insurance, Complementary private health insurance, Out of the pocket
Research and training	Taxes, Grants, Out of the pocket

# Some advantages of the NHI

- broad non contributory coverage,
- more transparency in terms of healthcare expenditures,
- enhanced accessibility to healthcare by the needy, foreigners and the elderly,
- more targeted funds for healthcare,
- provides a mechanism for cost control,
- more choices for the patients and better incentives for the providers of healthcare.