

**THE FIRST REPORT OF FULFILMENT OF THE EUROPEAN
CODE OF SOCIAL SECURITY**

SECTION I.

List of legal regulations:

Part II – Health care

- Act no. 48/1997 Coll. on Public Health Insurance and amendments and supplements of some connected acts, in the valid wording
- 20/1966 Coll. on Population Health Care, in the valid wording
- Regulation no. 56/1997 Coll., stipulating the contents and time intervals of prophylactic examinations, in the valid wording
- Act no. 285/2002 Coll., on Donating, Taking and Transplanting Tissues and Organs and on Amendments of some Acts (the Transplantation Act), in the valid wording

Part III – Sickness benefits

- Act no. 54/1956 Coll. on Sickness Insurance of Employees, in the valid wording
- Regulation no. 31/1993 Coll. on evaluating temporary sick leaves for the purposes of social security, in the valid wording
- Act no. 100/1988 Coll. on Social Security, in the valid wording
- Act no. 582/1991 Coll. on the Organisation and Execution of Social Security, in the valid wording
- Act no. 32/1957 Coll. on Hospital Care in Armed Forces, in the valid wording

Part IV – Unemployment Benefits

- Act no. 1/1991 Coll. on Unemployment, in the valid wording
- Act no. 9/1991 Coll. on Employment and the competence of Czech authorities in the sphere of employment, in the valid wording

Part V – Retirement pension

- Act no. 155/1995 Coll. on Pension Scheme, in the valid wording
- Act no. 582/1991 Coll. on the Organisation and Execution of Social Security, in the valid wording

Part VII – Family allowances

- Act no. 117/1995 Coll. on Public Social Benefits, in the valid wording
- Act no. 463/1991 Coll. on Subsistence Level

Part VIII – Maternity benefits

- Act no. 88/1968 Coll. on Prolongation of the Maternity Leave, Maternity Benefits and Children Allowances from the Health Insurance Scheme, in the valid wording
- Act no. 582/1991 Coll. on the Organisation and Execution of Social Security, in the valid wording

Part IX – Disability pension

- Act no. 155/1995 Coll. on Pension Scheme, in the valid wording
- Regulation no. 284/1995 Coll. executing the Pension Scheme Act, in the valid wording
- Act no. 582/1991 Coll. on the Organisation and Execution of Social Security, in the valid wording

Part X – Survivors’ benefits

- Act no. 155/1995 Coll. on Pension Scheme, in the valid wording
- Act no. 582/1991 Coll. on the Organisation and Execution of Social Security, in the valid wording

SECTION II.

Application of the Code

Article 10 of the Constitution of the Czech Republic stipulates that declared international agreements that have been ratified by the Parliament and that have become binding for the Czech Republic form part of the legislation. If an international agreement is different from the Law, the provisions of the international agreement are applied.

Article 2 – Adopted provisions

The Czech Republic has adopted obligations resulting from the following parts:

- Part II - Health care
- Part III - Sickness benefits
- Part IV - Unemployment benefits
- Part V - Retirement pension
- Part VII - Family allowances
- Part VIII - Sickness benefits
- Part IX - Disability pension
- Part X - Survivors’ benefits

Article 6 – Voluntary insurance schemes

The Report does not take into account protection resulting from voluntary insurance.

Parts XI – XII

Questions of articles 65 to 68 are answered within the corresponding part of the form.

General notes concerning calculations of benefits:

- In 2002 the average monthly pay of a **qualified workman was 15,989 CZK** and in accordance with results of a survey the pay of approx. 57% of economically active people was lower than the above mentioned sum. The number of insured people whose income does not exceed the pay of a qualified workman is 2,684 thousand. The income of a qualified workman corresponds to the 7th principal job qualification class (in accordance with KZAM-R) – craftsmen, producers and processors. In 2002 the average monthly wage of an **unqualified workman was 11,101 CZK**.

The labour price information system is a selective statistic survey of the Ministry of Labour and Social affairs, which is annually included in the programme of statistic

surveys of the Czech Statistic Office and as a wage survey with quarterly periodicity it monitors the wage level of individual jobs in the Czech Republic in accordance with the KZAM – R job classification. The selective set for the first quarter of 2003 consists of 2,830 economic entities of the entrepreneurial as well as non-entrepreneurial sphere with approx. 1,162 thousand employees. It is the average hourly wage calculated for wage compensations for labour-law purposes in accordance with § 17 of the Wage Act no. 1/1992 Coll., remuneration for work readiness and the average income that is determined in individual quarters for individual employees of selected economic entities. The survey also makes it possible to monitor the structure of gross wages showing the wage level throughout the period from the beginning until the end of the quarter.

- As in the Czech Republic social benefits are not subject to taxation (with the exception of pension amounts exceeding 144 CZK a year that are included in the income tax base) and no fees for health or social insurance are deducted from them, shares of benefits can be compared to net incomes. The net wage of a qualified workman with a dependent wife and two children is 13,224 CZK/the allowances for two children (aged 9 and 14) amounted to 1,319 CZK in the monitored period/.
- The benefit rate does not differ between regions (paragraph 8, article 65 is not used).
- The annual index of price inflation 2002/2001 = 101,8 %.
- The annual index of nominal wages in the national economy 2002/2001 = 107,3.

Article 69 – Right of appeal

- An insured person is entitled to participate in the control of provided **health care** paid from the public health insurance (§ 11 of the Act no. 48/1997 Coll.).
If an insured person believes that he/she is not provided with proper health care, he/she can:
 - a) submit a review proposal to the head of the health facility or its founder,
 - b) appeal to the Czech Chamber of Physicians, the Czech Chamber of Dentists or the Czech Chamber of Pharmacists if the shortcomings are connected with the expert of ethic conduct of a physician or pharmacist or to another professional organisation if it has been established if the shortcomings concern other medical staff,
 - c) appeal to the health insurance company he/she is insured with, mainly if a physician refuses to carry out a medical performance belonging to the covered medical care,
 - d) appeal to the competent public administration body that has registered the health facility in accordance with a special act.
- An insured party is entitled to lodge an appeal against a decision of the competent regional administration of social security on rejecting the right to receive **sickness benefits and maternity benefits**, on the amount of these benefits, their reduction, withdrawal or suspension (§ 57 to 69 of the Act no. 582/1991 Coll., on the Organisation and Execution of Social Security, in the valid wording. The appeal is resolved by the superior body, in this case the Czech Social Security Administration. The 1st degree proceedings and appeal proceedings are governed by the lawful process standard, generally valid for deciding on rights and interests of citizens and organisations protected by the Law – the Act no. 71/1967 Coll. on Administrative Proceedings (the Administrative Order), in the wording of later regulations. The insured person can lodge an action against a decision of the body of appeal to the competent regional court (the Act no. 150/2002 Coll., the Judicial Administrative Order).

- The possibility of a court review as regards **retirement pensions** is provided for in the act no. 150/2002 Coll., the Judicial Administrative Order and specified in § 89 of the Act no. 582/1991 Coll. No remedial actions are permitted against decisions of the Czech Social Security Administration regarding retirement pension issues in *administrative proceedings*. Decisions that serve as *source materials* for decisions on granting a pension from the pension scheme are excluded from the judicial review. The court will review such a decision only when deciding on an action against a decision of the Czech Social Security Administration on a retirement pension.
- **Unemployment benefits** are granted by the Labour Office in administrative proceedings. The administrative decision approving the right to receive the benefit is based on the certificate of the previous employer confirming the length of employment and the amount of the average net income from this employment, which is used for the calculation of the amount of the unemployment benefit. An appeal may be lodged against the decision of the Labour Office and it is the superior body, i.e. the Ministry of Labour and Social Affairs that resolves this appeal. Within the review proceedings the superior body checks whether the amount of the benefit was *only based on the previous income from the employment* (i.e. regardless of the financial circumstances). You can lodge an appeal against a decision issued in the review proceedings to the competent regional court.
- **Family allowances:** In accordance with Chapter 3 of the State Social Welfare Act (§ 71) a citizen is entitled to appeal against a decision on the allowance (its amount, granting, withdrawal, suspension) issued by the competent body (municipal council of the municipality competent with regard to the permanent address of the citizen). The appeal is resolved by the regional court. The proceedings are governed by the general regulations of administrative proceedings (the Act no. 71/1967 Coll., on Administrative Proceedings). Decisions of administrative bodies may also be subject to a judicial review.

Article 70 – Costs of benefits

1.
 - Costs of provided **unemployment benefits** are covered from contributions to the state employment policy. Contributions to the state employment policy are collected together with the insurance fees for the pension scheme by the Czech Social Security Administration from insurance payers (employees through employers and from employers). The contributions are transferred to the state budget and from the state budget the costs of unemployment benefits are included into the budget of the Ministry of Labour and Social Affairs (MPSV) and distributed to individual Labour Offices through the Ministry.
 - Costs of provided **pensions and sickness benefits** are covered from social insurance fees forming part of the state budget. The provisions of § 7 of the Act no. 589/1992 Coll. stipulate the insurance rates out of the assessment base, amounting to 26% in the case of organisations (out of which 3.3% for health insurance, 19.5% for the pension scheme and 3.2% for the state employment policy and 8% in the case of employees (out of which 1.1% for health insurance, 6.5% for the pension scheme and 0.4% for the state employment policy).
 - In accordance with § 1 of the Act no. 117/1995 Coll. benefits of the state social support (**family allowances**) are paid from the state budget of the Czech Republic. The income

of the state budget consists of taxes – income taxes of physical persons and legal entities, turnover taxes and a lot of other taxes, administration fees, penalties and many other items. The amounts of taxes do not correlate with rights to and amounts of the state social support.

2. Not applied.

3. Total income for 2002

- Pension scheme-----192 331.1 mil. CZK
- Sickness insurance ----- 31 562.7 mil. CZK
- Contribution to the state employment policy – 26 603.8 mil. CZK

Total costs for 2002

- Pension scheme ----- 208 274.9 mil. CZK
- Sickness insurance----- 32 609.0 mil. CZK
- Contribution to the state employment policy (for payments of unemployment benefits)¹
----- 6 208.696 mil. CZK

Article 71

Not applied.

Article 74

Total number of employees: 4,067,943

(if self-employed people and parents on a further maternity leave are included in the number of protected people, then the total number is 4,796,000 people).

SECTION III.

- The administration and payments of state social support benefits (**family allowances**) are in the hands of state bodies – the Ministry of Labour and Social Affairs and the bodies in territorial units that carry out these activities within transferred competence. On the first level of control this is the case of councils of municipalities with extended competence and on the second level this is the case of Regional Councils.

¹) In 2000 net expenses of the passive employment policy (payments of unemployment benefits) amounted to 6,208,696 thousand CZK, expenses of passive employment policy (re-qualification, subsidising new positions, support of employment of the disabled, investment incentives and others) amounted to 3,479,748 thousand CZK; payments of wages on behalf of insolvent employers amounted to 186,093 thousand CZK, i.e. the total costs for employment purposes reached 9,874,537 thousand CZK.

- It is the task of Labour Offices to decide on granting, rejecting, withdrawing, suspending or returning **unemployment benefits** (§ 12, section 2 of the Act no. 9/1991 Coll., on Employment and the Competence of Czech Authorities in the Sphere of Employment, in the valid wording).
- The competent authority in the sphere of **health insurance** (and **maternity benefits**) is the District Social Security Administration, which is responsible for health insurance or provides sickness benefits. Sickness benefits are paid by the District Social Security Administrations monthly and backwards, by the end of the calendar month following after the month the benefits are paid for, at the latest, if the right for the benefits has been exercised in time and in the proper way. As regards sickness insurance, it is also the employer having the position of an “organisation” (which is for the purpose of sickness insurance a legal entity or physical person employing more than 25 people or less, but whose books of wages are kept by another legal or physical person employing more than 25 people) that plays an important role in the sickness insurance scheme as it pays sickness insurance fees on behalf of its employees, collects insurance fees, administers the collected insurance fees and uses the money to pay benefits, arranges for administrative work connected with the organisation of health insurance at its own expenses, etc.
- The basic element in the sphere of the **pension scheme** is the Czech Social Security Administration, which decides on the pension insurance benefits on the first level, the District Social Security Administrations only decide in the matters of source materials on which the payments of pensions are based. Within the pension scheme employers also have some duties. This is mainly the case of duties in advance proceedings (§ 40 of the Act no. 582/1991 Coll.) binding employers to ask the Czech Social Security Administration by means of a prescribed form for a readout of time periods of the insurance of its employees that the Administration keeps in its files.

SECTION IV.

Principal question concerning the use of relevant parts of the Code have not been dealt with by Czech courts.

SECTION V.

The adopted provisions of the Code are taken into account within the process of prepared legal regulations of spheres that the provisions of the Code refer to so that the legal regulation can comply with the requirements of the Code.

As this is the first report on the execution of the Code it has not been possible to analyse conclusions of control authorities of its fulfilment and to identify possible particular issues.

PART II – HEALTH CARE

Article 7 and 8

The right of health care without direct payments is laid down in the constitutional Declaration of Fundamental Rights and Freedoms and in the Act no. 48/1997 Coll., in the wording of later regulations. In accordance with the Act no. 48/1997 Coll., any insured person suffering from any disease or injury, regardless of its causes has the right of health care without direct payment. The same holds good for pregnancy, delivery and its consequences.

Article 9

The sphere of protected people includes all people with the permanent residence in the territory of the Czech Republic or persons whose permanent residence is not in the territory of the Czech Republic, but who are employed with an employer whose registered address is in the territory of the Czech Republic (§ 2 of the Act no. 48/1997 Coll.).

- A. Number of protected persons - 10,200,774 (2002)
- B. Population – 10,200,774 (2002)
- C. 100%

Article 10

The legal concept of the Act no. 20/1966 Coll., on Population Health Care, in the valid working, consists in these principles (article II – IV of the Population Health Care Act):

- The society's care of health of the population must also be accompanied with efforts of every individual to live in a healthy way and to avoid harmful influences on his/her health. At the same time every citizen should support good development of his fellow-citizen's health by contributing actively to the creation of healthy conditions and healthy way of life and work.
- The main prerequisites of the care of the population's health include continuous development of science and technology and prompt application of results of scientific research in practice. This is why science must provide enough required knowledge in advance and use them in all spheres of the national economy the activities of which have an impact on health of the population.
- The care of the population's health mainly focuses on preventive protection and continuous reinforcement and development of physical and mental health of the population while special attention is paid to the care of the new generation and health protection of working people.

The health insurance is used to pay for health care provided to an insured person with the aim to maintain or improve his/her health condition (§ 13 of the Act no. 48/1997 Coll.). Health care covered by the insurance within the scope and under conditions specified by the Act no. 48/1997 Coll. (hereinafter "insurance-covered care" only) includes:

- a) Outpatient and inpatient medical treatment (including diagnostic care, rehabilitation, care of the long-time sick and health care donors of tissues or organs connected with their taking);
- b) Emergency and ambulance service;
- c) Prophylactic care;
- d) Dispensary care;
- e) Taking of tissues or organs designed for transplantation and required handling of them (maintaining, storing, processing and examinations);
- f) Providing medicaments, medical equipment and dental products;
- g) Spa treatment and treatment in specialised children's sanatoriums and resorts;
- h) Corporate prophylactic care;
- i) Transport of the sick and reimbursement of travelling expenses;
- j) Transport of a living donor to and from the place of taking, to and from the place where treatment connected with the taking is provided and reimbursement of travelling expenses;
- k) Transport of a dead donor to and from the place of taking;
- l) Transport of taken tissues and organs;
- m) Advisory activities;
- n) Examination of a dead insured person and dissection, including transport.

As to a) (§ 19 – 27 of the Act no. 48/1997 Coll.)

Outpatient care means:

- a) Primary health care;
- b) Specialised outpatient health care;
- c) Special outpatient care;
 - i) Home health care if it is based on a recommendation of the registering general practitioner, registering paediatrician or a specialist in the case of hospitalisation;
 - ii) Health care in short-stay wards if it is based on a recommendation of the general practitioner;
 - iii) Health care provided in medical inpatient facilities for people who are positioned in these facilities for other than health reasons;
 - iv) Health care in institutes of social care.

Inpatient care:

If the health condition of an insured person required, he/she will be provided insurance-covered care in an inpatient facility. Inpatient care means care in hospital and specialised medical institutes.

An insured person must be given inpatient care if a refusal to admit him or postponing of his admittance to inpatient care would endanger his/her life or seriously endanger his/her health and in the case of a delivery.

As to b) (§ 28 of the Act no. 48/1997 Coll.)

Emergency and ambulance care:

Insurance-covered care includes medical treatment provided within:

- a) Health care provided in acute cases by general practitioners and dentists outside their office hours;
- b) First aid care and emergency services in institutes;
- c) Medical emergency services when providing specialised pre-hospital urgent care.

Insurance-covered care also includes urgent medical treatment provided by a physician within his/her emergency service outside his/her specialisation.

As to c) (§ 29-30 of the Act no. 48/1997 Coll.; Directive of the Ministry of Health Care no. 56/1997 Coll.)

Prophylactic examinations of insured persons are carried out:

- a) In the first year of life nine times a year, out of which at least six times in the first half of the year, out of which at least three times in the first three months of their life in they are not provided with dispensary care;
- b) At the age of 18 months;
- c) At the age of three and further once every two years.

Prophylactic dental examinations are carried out:

- a) Twice a year in the case of children and adolescents up to the age of 18;
- b) Twice in the course of pregnancy in the case of pregnant women;
- c) Once a year in the case of adults.

In the sphere of gynaecology prophylactic examinations are carried out at the end of the compulsory attendance of schools and then, starting from the 15th year of age, once a year.

Prophylactic examinations involve establishing data necessary for the evaluation of the insured person's health conditions and health risks as well as a detailed clinical examination and arranging for required laboratory analyses.

Insurance-covered care comprises examinations and inspections performed within measures taken against infectious diseases. Examinations of insured persons performing activities that are serious from the epidemiological point of view carried out in connection with the issuance of a health certificate are not included in the insurance-covered care.

Insurance-covered care further includes:

- a) Specified vaccination performed by medical care institutes;
- b) Providing vaccination substances against rabies, against tetanus in case of injuries and non-healing wounds, against tuberculosis and testing with the use of the tuberculosis test;
- c) Taking of materials performed in medical care institutes for microbiological, immunological and parasitological examinations for clinical purposes in connection with the occurrence of infections;
- d) Analyses of materials mentioned under letter c) carried out by laboratories of contractual medical institutes;
- e) HIV, anti HCV and HbsAG diagnostics of donors of blood, tissues, organs and gametes and HIV diagnostics carried out in institutes of therapeutic prophylactic care in cases of therapeutically prophylactic procedures and at a request of the insured person with the exception of:
 1. anonymous examinations;
 2. examinations for private or business trips abroad.

Insurance-covered care does not include:

- a) Vaccination carried out by institutes of public health protection;
- b) Providing vaccination substances with the exception mentioned above under letter b);
- c) Taking of materials performed by institutes of public health protection and their analysis;
- d) HIV diagnostics including examinations carried out in hygienic service institutes at the insured person's request including anonymous examinations..

As to d) (§ 31 of the Act no. 48/1997 Coll.)

Dispensary care

Within the insurance-covered care dispensary care is provided to healthy, endangered and sick insured persons in these groups:

- a) Children under one year of age;
- b) Selected children older than one year that suffer from chronic diseases and are endangered by disorders of their health condition due to unfavourable family or other social environment;
- c) Selected adolescents;
- d) Pregnant women from the day the pregnancy is established;
- e) Women who use hormonal and intrauterine contraception;
- f) Insured persons who are endangered or who suffer from serious diseases.

As to e, j), k), l) (§ 35a and § 36, section 4 of the Act no. 48/1997 Coll.; Act no. 285/2002 Coll., the Transplantation Act)

Medical care of a living donor connected with the taking of tissues and organs, taking of tissues and organs from a living or dead donor, necessary handling of taken tissues and organs and the transport of a living donor or compensation of his/her travelling expenses and transport of a dead donor is paid by the health insurance company that the living donor is, or the dead donor was insured with.

As to f) (§ 15 of the Act no. 48/1997 Coll.)

In each group of medicaments there is one that is fully covered by the public health insurance. The public health insurance always fully covers medicaments containing these remedial substances:

- a) Serum against staphylococcus infections;
- b) Anti-diphtheria serum;
- c) Anti-venom serum;
- d) Anti-botulism serum;
- e) Anti-anthrax serum;
- f) Anti-rabies serum;
- g) Immunoglobulin against tetanus;
- h) Immunoglobulin against hepatitis B;
- i) Tetanus toxoide;
- j) Vaccine against staphylococcus infections;
- k) Vaccine against rabies;
- l) Antidotes (used for treatment of poisoning by organic phosphates, heavy metals and cyanides).

Within the outpatient care the health insurance covers medicaments containing remedial substances belonging to groups of substances specified with a special regulation and medicaments prepared individually are also covered.

Within the inpatient care the health insurance covers all medicaments and medical aids fully and insured persons do not participate in these payments.

If medical aids are not fully covered by the public health insurance, the patient's participation is set to 25% of their price for the end user at the most. In the case of needy people it is possible to apply to the Ministry of Labour and Social Affairs for compensation of the participation up to its full amount.

Dental care

Performances (=work) of dentists are fully covered by the public health insurance. In each group of dental products (dentures, dental filling, dental braces, etc.) there is at least one that is fully covered by the public health insurance. If other material is used, the insured person pays the difference between the basic payment specified by the law and the real price of the product.

As to g) (§ 33 and § 34 of the Act no. 48/1997 Coll.)

a) Spa care

Spa care, including the determination of urgency, provided as an integral part of the treatment process is recommended by the attending physician, approved by the medical assessor and paid for by the corresponding health insurance company. Spa care is provided and paid for as complex spa care or contributory spa care.

Complex spa care continues after hospital care or specialised outpatient health care and it is focused on after-treatment, preventing the occurrence of disability and lack of self-sufficiency or on minimising the degree of disability. Complex spa care is fully paid by the health insurance company. Contributory medical care is mainly provided to insured persons with chronic diseases in cases when conditions for providing complex spa care are not complied with. The health insurance company only pays for the examination and treatment of the insured person. This type of care may be provided once every two years unless decided otherwise by the medical assessor.

b) Care in specialised children's sanatoriums and health resorts

Health care provided as an integral part of the treatment process as recommended by the attending physician to children and adolescents under 18 years of age in children's specialised sanatoriums and health resorts is paid by the health insurance company. The length of the treatment in specialised children's sanatoriums depends on the health condition of the patient and it is the head physician of the sanatorium who determines it.

Children between 3 and 15 whose health is weak due to unfavourable environmental conditions, children with health problems connected with an incorrect lifestyle and convalescent children whose health condition does not require specialised treatment in a children's spa or in a children's specialised sanatorium are provided with care in a health resort based on a recommendation of the attending physician and an approval of the medical assessor of the health insurance company. The length of such a stay usually does not exceed 21 days; a longer stay must be approved by the medical assessor.

As to h) (§ 35 of the Act no. 48/1997 Coll.)

In co-operation with the employer the corporate prophylactic care secures prevention including protection of the employee's health from occupational diseases and other impairments of health resulting from their work and prevention of injuries.

Insurance-covered care includes:

- a) First-aid medical performances;
- b) Periodical prophylactic examinations of employees carrying out epidemiologically serious activities, employees working in risky conditions, employees whose activities can endanger the health of the other employees or other persons and employees in the case of whom special health capabilities are required;
- c) Extraordinary examinations ordered for health reasons;

- d) Dispensary examinations of persons with a reported occupational disease and persons suffering from impacts of working risks even after the end of their exposure to the risk.

As to i) (§ 36 and § 37 of the Act no. 48/1997 Coll.)

The health insurance pays for the transport of an insured person in the territory of the Czech Republic, or possibly Slovak Republic if it results from an agreement between the government of the Czech Republic and the Slovak Republic to a contractual medical facility, from a contractual medical facility to the place of permanent or temporary residence, or to a social care institute, or between medical facilities, or within a contractual medical facility if the health condition of the insured person does not allow to transport the patient normally without using the medical transport service in accordance with the opinion of the attending physician who indicates this transport.

If an insured person has fallen ill in the place of temporary residence, the transport from the medical facility to the place of permanent residence, which is further away than the place of temporary residence, is only covered if the health condition of the insured person requires it in the attending physician's condition.

Insured persons are transported with vehicles of the contractual medical transport service. If the attending physician indicates that the insured person must be accompanied, the health insurance company pays for the transport of the accompanying person as well in the same scope as the transport of the insured person. The health insurance company pays for the transport in the amount corresponding to the distance of the nearest contractual medical facility that is able to provide the required medical care.

The health insurance covers indicated transport of a physician and other medical staff to the insured person's place.

If an insured person who is entitled to receive free transport decides on transport with a private vehicle and if the attending physician approves of such transport, the insured person is entitled to receive compensation of travelling expenses.

If the health condition of an insured person requires and if his/her life is in immediate danger, within the territory of the Czech Republic the health insurance company covers the transport of transfusion aids, special treatment aids, tissues and organs for transplantation as well as the transport of a physician or other medical staff to a specialised and inevitable performance.

As to m) (§ 38 of the Act no. 48/1997 Coll.)

Insurance-covered care includes assessment of temporary inability to work or study performed by the attending physician and assessment of facts that represent important personal obstacles to work in accordance with § 127 of the Work Code and similar performances in the case of schoolchildren and students.

As to n) (§ 39 of the Act no. 48/1997 Coll.)

Insurance-covered care also includes an examination of a dead insured person, dissection, transport to the place of dissection, from the place of dissection to the place where the death occurred or possibly to the place of funeral if it is in the same distance or nearer than the place where the insured person died.

Article 11

If the particular person meets the condition for the participation in the public health insurance required by § 2 of the Act no. 48/1997 Coll., he/she does not have to comply with any other condition of qualification period.

Article 12

There is no time limit for drawing material benefits.

PART III – SICKNESS BENEFITS

Article 13 and 14

The provision of § 15 of the Act no. 54/1956 Coll., on Sickness Insurance of Employees, in the valid wording stipulate that sickness benefits belong to an employee who is recognised as unable to perform his/her existing job in accordance with the special regulation (§ 2 of the Directive no. 31/1993 Coll.). The group of insured people is delimited by § 2 of the Act no. 54/1956 Coll. on Sickness Insurance of Employees; it comprises – if conditions for the participation in the sickness insurance are met – employees with an employment contract, employees active on the basis of an agreement on working activities, civil servants in accordance with the Civil Service Act, judges, voluntary day-care nurses, etc.

Sickness insurance of self-employed people is voluntary (§ 145b of the Act no. 100/1988 Coll.). However, a self-employed people can only participate in the sickness insurance scheme in those months for which he/she is obliged to pay advances for the pension insurance and the contribution to the state employment policy.

Article 15

The Czech Republic refers to the provisions of article 15, letter a) of the European Code of Social Security.

The number of protected employees is 4,067 thousand.

Article 16

A. The Czech Republic refers to the provisions of article 65.

Chapter I

A. – Rules for the calculation of sickness benefits:

1. Decisive period – calendar quarter preceding the quarter when the insured person became unable to work;
2. Daily assessment base – counting income divided by the number of calendar days of the decisive quarter (some days are not counted to avoid unjustified dilution of the daily assessment base – e.g. days when sickness benefits were paid), rounded up to whole CZK;
3. Counting income – all income subject to payments of insurance fees for social security and contribution to the state employment policy accounted for the employee in the decisive period;
4. Reduction of the daily assessment base – up to the 1st reduction limit 100% income is counted, between the 1st and 2nd limit 60% is counted and over the 2nd reduction limit 0% is counted.

5. The reduction limits specified in the Sickness Insurance Act have always been increased as of January 1 since January 1,2000 depending on the growth of the average income in the national economy.
6. For 2003, the first reduction limit is 480 CZK, the 2nd reduction limit is 690 CZK.
7. The daily benefit is calculated a 50% of the daily assessment base for the 1st and 3rd day of the sickness leave and 69% of the daily assessment base for the 4th and following days rounded up to whole crowns.
8. The total sickness benefit is the product of the daily benefit and the number of days of the sickness leave.

B.

The procedure of article 65, paragraph 6, point b) is used for the evaluation of the level of the sickness benefits. In the Czech Republic economically active population is protected.

Chapter II

D - G

Calculations referring to the table:

- The calculations are based on gross wages of a qualified workman (15,989 CZK)
- The daily assessment base (DVZ) is the quotient of the monthly wages and the number of days in the month (we take 30 days for our calculations, i.e. $15,989 \text{ CZK} / 30 = 533 \text{ CZK}$)
- The daily assessment base is reduced $(480 \text{ CZK} + (533 - 480) * 0,6 = 512 \text{ CZK})$
- Now, the daily sickness benefit is calculated, i.e. for the first to third day of the sickness leave the reduced daily assessment base is multiplied by 50% ($512 \text{ CZK} * 0.5 = 256 \text{ CZK}$) and for the fourth and the following days by 69% ($512 \text{ CZK} * 0.69 = 354 \text{ CZK}$)
- For the purposes of international comparing the monthly amount of sickness benefits is calculated as follows:
sickness benefits $(3 * 256 \text{ CZK} + 27 * 354 \text{ CZK} = 10,326 \text{ CZK})$
- In international agreement an insured person with 2 children is taken into account; so children allowances are added to the sum ($10,326 \text{ CZK} + 1,319 \text{ CZK} = 11,645 \text{ CZK}$)
- The income of the insured person without the occurrence of the sickness leave would correspond to 17,308 CZK ($15,989 \text{ CZK} + 1,319 \text{ CZK}$)
- **The proportion of sickness benefits to previous income** ($11,645 \text{ CZK} / 17,308 \text{ CZK}$) then corresponds to **67.3%** (the proportion for the net income is obtained in a similar way)

Monthly wages in CZK		Allowances for 2 children in CZK	Sickness benefits in CZK	Proportion of the benefits/wages in %*)	
gross	net			gross	net
15,989	13,224	1,319	10,326	67.3	80.1

*) including allowances for 2 children

B. Not applied.

C. The wording of § 15 of the Act of Sickness Insurance of Employees sets forth that an employee is entitled to receive sickness benefits regardless of his/her financial circumstances.

Article 17

The Czech law does not require any condition of qualification period for an employee to become entitled for sickness benefits. The right of the sick insured person of sickness benefits arises on the day the person enters the employment that established the sickness insurance (§ 7 of the Act no. 54/1956 Coll., on Sickness Insurance of Employees, in the wording of later regulations).

Article 18

1. The law specifies that sickness benefits are provided from the first day of the sickness leave for the period of one year from the beginning of the sickness leave at the most. Sickness benefits can also be provided after the period of one year if on the basis of an opinion of the competent authority it is possible to expect that the insured person will become able to work again within a short period – this way sickness benefits can be provided for the period of another year at the most (§ 15, section 3 and 5 of the Act no. 54/1956 Coll., on Sickness Insurance of Employees, in the wording of later regulations).

If a new sickness leave occurs, the period of one year also includes the previous periods of sickness leave if they fall in the period of one year before the occurrence of the new sickness leave. However, these periods are not included if the employment lasted for at least 6 months after the end of the last sickness leave or if the new sickness leave has been caused by a working injury or occupational disease. The period of one year from the beginning of the sickness leave also does not include previous periods of sickness leave caused by a working injury or an occupational disease (§ 15, section 4 of the Act no. 54/1956 Coll. on Sickness Insurance of Employees, in the wording of later regulations).

2. As to a) In accordance with the provisions of § 51 of the Act no. 54/1956 Coll. on Sickness Insurance of Employees, in the wording of later regulations sickness benefits are not paid abroad unless specified otherwise by an international social security agreement or unless the Ministry of Labour and Social Affairs approves of an exception or unless it is the case of paying these benefits to employees sent abroad by their employer to perform their working duties there. For the period of suspension of the payments the insured parties remain entitled to receive the benefits (§ 43a of the quoted Act).

As to b) In these cases no suspension of payments of sickness benefits is applied.

As to c) If within the period of six months of a sickness leave an insured person that is unable to work applies for full or partial disability pension and the pension is granted to the person, the payments of sickness benefits are terminated as of the date when the granted pension starts to be paid to the person (§ 93 of the Act no. 582/1991 Coll. on the Organisation and Execution of Social Security, in the wording of later regulations). If within the above mentioned period the insured person did not apply for one of these pensions and the person is found fully or partially disabled by the competent authority, the payments of sickness benefits are terminated by the expiration of his/her sickness leave after one month from the delivery of the decision on the recognition of his/her

full or partial disability (§ 94 to 98 of the Act no. 582/1991 Coll. on the Organisation and Execution of Social Security, in the wording of later regulations).

If the insured person becomes entitled for the retirement pension, the payments of sickness benefits are not suspended and the retirement pension only starts to be paid from the day following after the end of the sickness leave and the termination of sickness leave payments (§ 65, section 1 of the Act no. 155/1995 Coll. on Pension Insurance in the wording of later regulations).

A woman that is entitled to receive maternity allowances will finish the sickness leave and the sickness benefits will cease to be paid at the beginning of the sixth week before the expected day of delivery unless the woman started her maternity leave before this date (§ 7, letter g/ of the Directive no. 31/1993 Coll. on evaluating temporary sickness leaves for the purposes of social security).

As to d) Sickness benefit payments that have been granted on the basis of deceitful acting of the insured person will be stopped and the insured person is obliged to return the received sum (§ 48, section 2 of the Act no. 54/1956 Coll. on Sickness Insurance of Employees in the wording of later regulations).

As to e) If the sickness leave of an insured person occurs as a direct consequence of an intentional criminal act committed by the insured person for which the law requires imprisonment with the upper limit over one year, the insured person loses his/her right of sickness benefits. If the insured person has a family the family members may receive voluntary sickness benefits up to three quarters of the amount and if the insured person does not have any family, he may receive voluntary sickness benefits up to one half of its amount (§ 24 of the Act no. 54/1956 Coll. on Sickness Insurance of Employees in the wording of later regulations).

As to g) If an insured person that is unable to work breaks the treatment regimen prescribed by the physician, the sickness benefits may be withdrawn from the insured person or reduced, but only for a period for which they have not been paid yet. If the insured person has a family, the sickness benefits may only be reduced by one third at the most (§ 47 of the Act no. 54/1956 Coll. on Sickness Insurance of Employees in the wording of later regulations).

Sickness benefits are not granted to the insured person for a sickness leave period for which the insured person receives counting income resulting from the activity establishing the participation in the sickness insurance for which the sickness benefits are granted with the exception of income that the insured person is entitled to receive even for the period of the sickness leave without the insured person performing the activity for which he/she is entitled for counting income. Counting income means wages, salaries and other income included in the assessment base of the insurance fee for the social security in accordance with a special act (§ 15, section 1 of the Act no. 54/1956 Coll. on Sickness Insurance of Employees in the wording of later regulations).

PART IV – UNEMPLOYMENT BENEFITS

Article 19 and 20

Material support (hereinafter “unemployment benefits” only) is paid to a person who is not in an employment or similar relationship and who is not self-employed and who is not in the process of systematic preparations for his/her occupation, i.e. a person who wants to work and can work and who applies to the Labour Office for mediation of a suitable job. Unemployment benefits are paid to a person who is not offered a job through the mediation within 7 days after the submittal of the application if he/she meets the condition of a previous employment (self-employment is equal to employment) for the period of at least 12 months in the last three years.

Article 21

- A. The Czech Republic refers to letter a).
- B. The group of protected persons, i.e. persons supported with unemployment benefits, includes all persons in accordance with the Act no. 1/1991 Coll. that comply with the conditions mentioned in the note of article 20.

Article 22

- A. The Czech Republic refers to article 21, letter a) of the European Code of Social Security, the calculation will be made in accordance with article 65.

Chapter I

- A. The provisions of § 17 of the Employment Act no. 1/1991 Coll., in the valid wording stipulate that the amount of material support is determined on the basis of the average monthly income that the applicant for a job achieved in his/her last job. The unemployment benefit amounts to 50% of this income for the period of the first three months and 40% of this income for the remaining period. An applicant for a job who has taken up re-qualification training will receive 60% of the average monthly net income that he/she achieved in his/her last job for the period of the training.

If an applicant who is not entitled to receive unemployment benefits (§ 14, section 1, letter f)) has started re-qualification training, for the period of the training he/she will get unemployment benefit amounting to 60% of the average monthly net income he/she achieved in his/her last job.

The determination of the amount of the unemployment benefit is based on the average monthly net income of the applicant for a job that was established with the applicant and last used for labour-law purposes in his/her last job in accordance with labour-law regulations on establishing and using the average income.

For the amount of sickness benefits there is a maximum possible limit that amounts to 2.5 multiple of the subsistence minimum valid for individual citizens older than 26 years by the day the entitlement for the unemployment benefit arises. At present this maximum amounts to 10,250 CZK/month.

Chapter II

D. to G.

Amount of the benefit of a typical qualified workman during the first three months of unemployment.

Amount of the benefit (50% of the average previous income) /of the net income/	Children allowances	Total income	% of the original income increased by children allowances
6,612	1,319	7,931	54.53 %

The unemployment benefit of a typical qualified workman in the following three months of unemployment

Amount of the benefit (40% of the average previous income)	Children allowances	Total income	% of the original income increased by family allowances
5,290	1,319	6,609	45.44%

B. Not applied

C. The responsibility of the state for providing unemployment benefits is absolute. This material support is an obligatory benefit, i.e. a person is always entitled to receive the benefit if he/or she complies with the conditions required by the law. The wording of § 12 and following of the Act no. 1/1991 Coll. sets forth that an employee is entitled to receive unemployment benefits regardless of his/her financial circumstances.

Article 23

In the Czech Republic the entitlement for unemployment benefits is bound to the condition of required period of employment that amounts to at least 12 months in the last three years before the person is registered in the files of applicants for a job (i.e. before submitting the application for mediation of a job). Self-employment is perceived as employment (in this case the amount of the unemployment is determined on the basis of the last assessment base for the retirement pension insurance and the contribution to the state employment policy).

The entitlement for unemployment benefit is also granted to persons who have complied with the condition of the qualification period by counting other, so-called replacement periods (i.e. periods of studies, the basic military service, full disablement and other periods mentioned in § 13, section 2 of the Employment Act no. 1/1991 Coll.).

In the case of persons who have been registered in the last three years before being registered in the files of applicants also the fact is considered whether in the previous registration the whole period of support was exhausted, i.e. the period for which the unemployment benefits can be

provided. An applicant for a job whose period of support in the last registration was not exhausted and was not employed between the last registration and the new registration or was employed for a shorter period than one month and at the same time complies with the condition of the total time of previous employment, will be given unemployment benefits for the remaining part of the period of support. A person who received the unemployment benefits for the whole period of support within the last registration is only entitled for new benefits if he/she became employed between the two registrations and complies with the condition of the total time of employment, i.e. at least 12 months in the last three years (§ 16, section 8 of the Unemployment Act).

Article 24

1. The period of providing unemployment benefits is 6 months at the most. There is an exception for unemployment benefits of a person taking part in re-qualification training organised by the Labour Office. In this case the benefits are provided until the end of the training. After the expiration of the unemployment benefit period the unemployed are protected with the system of social security benefits if they are needy.
2. In the Czech Republic the unemployment benefit period does not depend on the previous periods; they are only taken into account when the entitlement for the benefits is evaluated in accordance with § 16 , section 7 or 8 of the Employment Act (see the comment of article 23).
3. In the sense of the European Code of Social Security no waiting period is directly stipulated in the Employment Act. An applicant for a job who is not offered a suitable job within 7 days from the submittal of the application for mediation of a job (an is registered in the files of job applicants), is granted unemployment benefits starting from the day the application is submitted. If a job is mediated for the applicant within this seven days' period he/she is not entitled to receive any unemployment benefits.
4. For seasonal employees the general mode of granting unemployment benefits is applied.
5. In accordance with the valid wording suspension of payments of unemployment benefits is bound to the following facts:
 - Stay of the job applicant abroad for a period exceeding 30 calendar days;
 - If the applicant complies with conditions for the retirement or full disablement pension;
 - For the period when the person is supported by payments of sickness benefits;
 - If the applicant for a job refuses to enter a suitable job or training for a new job without serious (personal or family) reasons;
 - If he/she defeats co-operation with the Labour Office on the mediation of work;
 - If the applicant has terminated a job by him-/herself in the period of the last six months without serious reasons or if the job was terminated by the employer for unsatisfactory working results or breaking duties resulting from the job.

PART V – RETIREMENT PENSION

Article 25 and 26

The retirement age is set forth in § 32 of the Act no. 155/1995 Coll. The retirement age does not exceed 65 years. In 2003 the retirement age of men is 61 years and 4 months, the retirement age of childless women is 59 years and 8 months, the retirement age of women who have brought up one child is 58 years and 8 months, the retirement age of women who have brought up 2 children is 57 years and 8 months, the retirement age of woman who have brought up 3 and 4 children is 56 years and 8 months and the retirement age of women who have brought up 5 and more children is 55 years and 8 months. The retirement age is gradually increased every year by 2 months in the case of men and 4 months in the case of women, so that after December 31, 2006 it will be 62 years in the case of men and 61 – 57 years in the case of women depending on the number of brought-up children.

A domestic regulation withdraws retirement pension payments from persons in those months when their income from a paid employment has exceeded double of the subsistence minimum, however, just for the period of two years after the person became entitled to receive retirement pension (§ 37 of the Act no. 155/1995 Coll.).

Article 27

- A. The group of protected persons includes persons mentioned under letter a) and it comprises more than 50%.
- B. The group of protected persons also includes groups mentioned under letter b). Protected persons are persons who participate or have participated in the pension scheme. The participation in the pension scheme is compulsory. Economically active persons, both employees and self-employed people are insured compulsorily. The law specifies that other groups of people are insured without paying, i.e. protected. These groups include students, soldiers doing their military service, women taking care of a child under 4 years of age.
- C. Number of protected employees: 4,068 thousand.

Article 28

- A. Retirement pension benefits are payments calculated in accordance with letter a) of this article. The payment is calculated in accordance with article 65 where the income of a qualified workman is taken as the base.

Chapter I

- A. The retirement pension consists of two components
 - Basic sum – 1,310 CZK a month.
 - Percentage sum – it depends on the earnings (it is based on the personal assessment base) and on the number of years of insurance.

- For the retirement pension it amounts to 1.5% of the personal assessment base for every year of insurance.

Personal assessment base

- Originally (in 1996) it was determined as the average of gross income for the last ten years preceding the year the retirement pension is granted. Every year this period is increased by one year until it reaches 30 calendar years. At present this period includes earning since 1986.
- All earnings are indexed in relation to the growth of average wages in the national economy.
- Not all earnings are fully included in the personal assessment base:
 - amounts up to 7,400 CZK is included as 100 %
 - amounts from 7,00 CZK up to 17,900 CZK is included as 30%
 - amounts over 17,900 CZK is included as 10 %.

The reduction limits of 7,400 CZK and 17,900 CZK are increased every year depending on the growth of wages.

- B. The evaluation of the required level of retirement pension is performed in accordance with article 65, paragraph 6, point b). In the Czech Republic economically active persons are insured within the pension scheme.
The net income of a retirement pensioner with a dependent wife is 12, 624 CZK.

Chapter III

D. – G.

Calculation of retirement pension benefits of a qualified workman with the wages of 15,989 CZK; the net income of a retirement pensioner with a dependent wife is 12,624 CZK.

*The amount of the retirement pension = 1,310 + (7,400+(15,989 – 7,400)*30%)*(30*1,5%)=5,800 CZK a month*

Wages in CZK/month		Retirement pension in CZK	Proportion of the retirement pension / wages in %	
gross	net		gross	net
15 989	12 624	5 800	36,3	45,9

Article 29

1. Retirement pension is granted to a person who has complied with the qualification period of 25 years of insurance (par. 1, letter a)/ (see § 29 of the Act no. 155/1995 Coll.). Also the wording of par. 2, letter a) is fulfilled as a domestic regulation specifies that a person becomes entitled to receive retirement pension payment after the minimum time of

insurance of 15 years (if the condition or achieving 65 years of age is complied with (see § 29 of the Act no. 155/1995 Coll.).

2. In the case of a retirement pension that a person becomes entitled to after reaching 65 years of age and at least 15 years of insurance the payments are not reduced due to a lower percentage rate for one year of insurance, but the payments are usually lower than the average retirement pension due to the lower number of years of insurance.

Article 30

The social event is reaching the required age, the payments are provided for life.

As regards **article 68** the following letters are utilised:

- d) If some retirement pension payments are found to be higher than the person is entitled to receive or if they are found to be granted or paid unjustly, the payments are reduced or withdrawn and the payments are stopped from the day following after the last day of the period for which they were granted.

PART VII – FAMILY ALLOWANCES

Article 39 and 40

In the Czech Republic care of children is mainly supported through the system of state social support. The state social support consists of a system of benefits that the state uses to help to cover subsistence costs, mainly of families with children. The benefits are not paid from an insurance scheme, these are benefits paid from the state budget without contributions. The basic legal regulation is the Act no. 117/1995 Coll. on State Social Support. This Act stipulates conditions for payments of benefits of the state social support. The conditions include permanent residence in the territory of the Czech Republic and equally temporary residence granted to foreigners, however only after 365 days from registration in accordance with the Act no. 326/1999 Coll. on Foreigners Staying in the Territory of the Czech Republic. The group of entitled persons is specified in § 3 of the Act no. 117/1995 Coll. on State Social Support, in the wording of later regulations.

Within the state social support system the most important benefit is the *children's allowance*. The right for children's allowances is granted on the basis of the income of the family. For this purpose, net income is taken into account, i.e. after deduction of expenses paid to achieve, secure and maintain the income, further after deduction of the income tax, insurance fees for the social insurance scheme, contribution to the state employment policy and the health insurance. A family is entitled to receive children's allowances if the income of the family does not exceed triple of the subsistence minimum of the family in the decisive period.

Another condition of the entitlement for family allowance is that the *child is dependent*. A dependent child is a child until the end of the compulsory school attendance and after that, however, until 26 years of age if he/she is being trained systematically for his/her future job or if he/she cannot be trained systematically for his/her future job or perform a gainful activity due to his/her unfavourable health condition, illness or injury.

Legal regulations that specify that a person is entitled to receive a benefit (children's allowance):

- The Act no. 117/1995 Coll. on State Social Support
- The Act no. 463/1991 Coll. on Subsistence Minimum, in the wording of later regulations

As of June 30, 2006 the amounts of the subsistence minimum are determined as follows:

- Amounts necessary to provide for nutrition and other basic needs of a person
 - a) 1,690 CZK if it is a child under 6 years of age
 - b) 1,890 CZK if it is a child between 6 and 10 years of age
 - c) 2,230 CZK if it is a child between 10 and 15 years of age
 - d) 2,450 CZK if it is a dependent child between 15 and 26 years of age
 - e) 2320 CZK in the case of other citizens

- Amounts necessary to provide for basic household costs
 - f) 1,780 CZK in the case of an individual
 - g) 2,320 CZK if there are two persons living in the household
 - h) 2,880 CZK if there are three or four persons living in the household
 - i) 3,230 CZK if there are five or more persons living in the household

Children's allowances are provided in three various amounts depending on the decisive income (see § 18 of the Act no. 117/1995 Coll.). Generally, it is possible to conclude that there is a right of a children's allowance if the decisive income is lower than the product of the subsistence minimum of the family and the coefficient 3.0.

The income that is decisive for the granting of the allowance is determined as the monthly average income of the family for the decisive period.

The decisive period for a children's allowance is the calendar year preceding the calendar year when the period from October 1 until September 30 of the following year when the decisive income is to be proved begins (in the case of a family allowance claimed in the period from October 1, 2002 until September 30, 2003 the decisive period is 2001, etc.).

Article 41

The group of protected persons is delimited with the Act no.117/1995 Coll. on State Social Support. **Dependent children** are considered as protected groups (in the case of family allowance) (the right of a child does not depend on the fact whether a parent participates in the pension scheme or health insurance system).

More than 83% of dependent children and approx. 85% of families with children are entitled to receive children's allowances.

Article 42

The Czech Republic refers to paragraph a) of this article.

Amounts paid for a child with various monthly incomes of the family (monthly) by June 30, 2003:

- a) Up to the 1.1. multiple of the subsistence minimum (coefficient 0.32 times the amount necessary to provide for nutrition and other basic needs of the child)
 - 6 years 541 CZK
 - 6 – 10 years 605 CZK
 - 10 – 15 years 714 CZK
 - 15 – 26 years 784 CZK
- b) From the 1.1 to the 1.8 multiple of the subsistence minimum (coefficient 0.28 times the amount necessary to provide for nutrition and other basic needs of the child)
 - 6 years 474 CZK
 - 6 – 10 years 530 CZK
 - 10 – 15 years 625 CZK
 - 15 – 26 years 686 CZK
- c) From the 1.8 to the 3.0 multiple of the subsistence minimum (coefficient 0.14 times the amount necessary to provide for nutrition and other basic needs of the child)
 - 6 years 237 CZK
 - 6 – 10 years 265 CZK
 - 10 – 15 years 313 CZK
 - 15 – 26 years 343 CZK

Article 43

No qualification period is required for a person to become entitled for children's allowances. The right of receiving the allowance arises when conditions specified in the Act no. 117/1995 Coll. are met together with submitting an application for the allowance.

Article 44

B.

Expenses of children's allowances within
the state social support (2002).....**13,353 mil. CZK**
Number of dependent children **2,414 thousand**

In 2002 children's allowances were provided to the average number of 2,019.5 thousand a month.

C.

ii.

*11,101 * 0.015 (1.5 % income) * 12 (months) * 2,03 (mil. children) = the result is 4.06 billion CZK*

Article 45

Payments of children's allowances can be suspended for reasons mentioned in article 68, paragraph d) of the Agreement and further in accordance with the Act no. 117/1995 Coll. The provisions of § 53 of the Act no. Coll. stipulates that is a children's allowance if found to be granted or paid in a higher amount than it should be or if it is found to be granted or paid unjustly, the allowance will be reduced or withdrawn, or its payments will be stopped. The provisions of § 54, section 4 set forth that if a person in under arrest or in prison, his/her right for children allowances ceases to exist.

PART VIII – MATERNITY BENEFITS

Article 46 and 47

In accordance with domestic regulations covered social events are pregnancy, delivery and their consequences (Act no. 88/1968 Coll. on Prolongation of the Maternity Leave, Maternity Benefits, Children's Allowances from the Sickness Insurance, in the valid wording). In the Czech legal regulations the institute of stopped earnings is not explicitly defined, nevertheless from the systematic interpretation it can be deduced that it is the case of a complete stoppage of earnings due to absence from work, not just their reduction. The financial maternity support corresponds to this interpretation.

Article 48

- A. The Czech Republic refers to letter a).
- B. In the case of **cash benefits** all employed women are protected. The remaining scope of **health care** provided during pregnancy and maternity includes all women who are citizens of the Czech Republic and women who work in the territory of the Czech Republic for an employer with the registered seat in the territory of the Czech Republic.
- C. Number of protected employees: 4,068 thousand.

Article 49

See the answer to article 10.

Article 50

- A. The calculation is performed in accordance with the provisions of article 65.
- B.

Chapter I

A.

Calculation of maternity benefits:

1. Decisive period – calendar quarter preceding the quarter of the beginning of the maternity leave
2. Daily assessment base – counting income divided by the number of calendar days of the decisive quarter (some days are not counted to avoid unjustified dilution of the daily assessment base – e.g. days when sickness benefits were paid), rounded up to whole CZK;
3. Counting income – all income subject to payments of insurance fees for social security and contribution to the state employment policy accounted for the employee in the decisive period;

4. Reduction of the daily assessment base – up to the 1st reduction limit 100% income is counted, between the 1st and 2nd limit 60% is counted and over the 2nd reduction limit 0% is counted.
5. The reduction limits specified in the Sickness Insurance Act have always been increased as of January 1 since January 1,2000 depending on the growth of the average income in the national economy.
6. For 2003, the first reduction limit is 480 CZK, the 2nd reduction limit is 690 CZK.
7. The maternity benefit is the product of the daily benefit and the number of days the benefit is provided (196 calendar days);
6. Throughout the whole social event the benefit remains stable.

B.

The required level of the maternity benefit is evaluated in accordance with article 65, paragraph 6, point b).

Chapter V.

D – G.

Calculations referring to the table:

- The calculations are based on gross wages of a qualified workman (15,989 CZK)
- The daily assessment base (DVZ) is the quotient of the monthly wages and the number of days in the month (we take 30 days for our calculations, i.e. 15,989 CZK / 30 = 533 CZK)
- The daily assessment base is reduced $(480 \text{ CZK} + (533 - 480) * 0,6 = 512 \text{ CZK})$
- Now, the daily sickness benefit is calculated with the use of the 69% rate (i.e. 354 CZK);
maternity benefit $(30 * 354 \text{ CZK} = 10,620 \text{ CZK})$
- **The proportion of maternity benefits to previous income** (without children's allowances, i.e. 10,620 CZK / 15,989 CZK) then corresponds to **66.43%**

Wages in CZK		Maternity benefits in CZK	Proportion of the maternity benefits / wages in %	
gross	net		gross	net
15 989	12 624	10 620	66.4	86.6

Article 51

Maternity benefits are granted to an employee if she participated in the sickness insurance for at least 270 days in the previous two years before the delivery. This period of 270 also includes periods in which the employee in the two years before the delivery

- participated in health care of armed forces;
- received pension from the social security system;
- participated in the security system of sick farmer and the system of social security of mother and child or in the sickness insurance system of self-employed people;
- after the termination of an insurance or another security system (care) received maternity benefits;
- was registered as an applicant for a job (§ 6, section 1 and 2 of the Act no. 88/1968 Coll. on Prolongation of the Maternity Leave, Maternity Benefits, Children's Allowances from the Sickness Insurance, in the valid wording).

For the purposes of claims for maternity benefits from several jobs the period of 270 days just includes the period of participation in the sickness insurance resulting from such an employment. The period of participation in the sickness insurance from other jobs can be counted only once and within the scope the insurance lasted before the beginning of the sickness insurance from which the claim for maternity benefits is exercised. If the periods of participation in sickness insurance in different jobs overlap, the overlapping periods can also be included in the 270 days for the claim for maternity benefits in other jobs, however, in such a case the participation period in one sickness insurance can be counted just once. The previous sentences are valid in a similar way for the counting of the above mentioned periods (participation in sickness insurance in armed forces, receiving pensions from the social security system, etc. for the period of 270 days (§ 6, section 3 of the Act no. 88/1968 Coll.).

See also the answer to article 11.

Article 52

1. See the answer to article 12.
2. Maternity benefits are not granted for a period for which the employer receives counting income (see § 15, section 1 of the Act no. 54/1956 Coll. on Sickness Insurance of Employees, in the wording of later regulations resulting from the activity establishing the participation in the sickness insurance for which the maternity or sickness benefits are granted with the exception of income that the insured person is entitled to receive even for the period of the sickness leave without the insured person performing the activity for which he/she is entitled for counting income.

If the child is taken to an infant institute or another health care institute for health reasons and the employee takes an employment, at the moment of the start of the employment the maternity benefits cease to be paid. Starting from the day the employer starts to look after the baby again and stops working again, the maternity benefits continue to be paid until the total right is exhausted, however until the day the baby reaches one year of age at the latest. With consent of the competent authority the payments of maternity benefits can only be stopped if the employer cannot or must not take care of the baby in accordance with a physician's judgement due to a serious long-term sickness because of which she is unable to work and the baby would have to be taken to an infant institute or another medical facility or another person would have to take over the care of the baby (§ 12, section 1 of the Act no. 88/1968 Coll.).

An employee that has ceased to look after a born baby and this baby has been entrusted to a family or institute care replacing parental care and an employee whose baby is in an institute care for another reason than mentioned in the previous paragraph is not entitled to receive maternity benefits for the period that she would have otherwise been entitled to receive these benefits (§ 12, section 2 of the Act no. 88/1968 Coll.).

PART IX – DISABILITY PENSION

Article 53 and 54

The covered social event is full disability or partial disability (§ 38 and § 43 of the Act no. 155/1995 Coll.). An insured person is **fully disabled** if for his/her long-term unfavourable health condition his ability to perform continuous gainful activities has dropped at least by 66% or if he/she is able to perform gainful activities under extraordinary conditions due to his/her health impairment. An insured person is **partially disabled** if for his/her long-term unfavourable health condition his ability to perform continuous gainful activities has dropped at least by 33% or if the long-term unfavourable health condition makes his/her living conditions considerably more difficult. The way of evaluation and the percentage of the drop of the ability to perform a continuous gainful activity and the group of health handicaps enabling continuous gainful activities only under extraordinary conditions are specified in the executing regulation (Regulation no. 284/1995 Coll. executing the Pension Scheme Act).

Article 55

- A. The Czech Republic refers to letter a).
- B. We refer to the explanation of article 27, the group of protected persons is the same
- C. The number of protected employees is: 4,068 thousand

Article 56

The Czech Republic refers to article 65.

Chapter I

- A. The benefit is a revolving payment calculated according to the same rules as the retirement pension (see the explanation of article 28).

- . The pension consists of two components
 - Basic sum – 1,310 CZK a month.
 - Percentage sum – it depends on the earnings (it is based on the personal assessment base) and on the number of years of insurance.
 - For the disability pension it amounts to 1.5% of the personal assessment base for every year of insurance. The number of years of insurance also includes the time from the beginning of the disability until the age limit necessary for the grant of the retirement pension (calculated period).

Personal assessment base

- Originally (in 1996) it was determined as the average of gross income for the last ten years preceding the year the pension is granted. Every year this period is increased by one year until it reaches 30 calendar years. At present this period includes earning since 1986.

- All earnings are indexed in relation to the growth of average wages in the national economy.
 - Not all earnings are fully included in the personal assessment base:
 - amounts up to 7,400 CZK is included as 100 %
 - amounts from 7,00 CZK up to 17,900 CZK is included as 30%
 - amounts over 17,900 CZK is included as 10 %.
- The reduction limits of 7,400 CZK and 17,900 CZK are increased every year depending on the growth of wages.

B

The evaluation of the required level of disability pension is performed in accordance with article 65, paragraph 6, point b). In the Czech Republic economically active population is protected.

C

As in the Czech Republic social security benefits are not subject to taxation (in the case of pensions just amounts exceeding 12,000 CZK – i.e. approx. 1% of cases) and payments of fees for health and social insurance, the benefits can be compared to net income. The net income of a disabled pensioner with a wife and two children is 13,224 CZK.

As in the Czech Republic the insurance period used for the disability pension also includes the calculated period taken from the beginning of disability until the retirement age, 30 years of insurance can be taken into account for the calculation of the amount of the pension.

Chapter II

D – G

Calculation of the benefit for a qualified workman with the wages of 15,989 CZK:

*Pension amount = 1,310 + (7,400 + (15,989 - 7,400) * 30%) * (30 * 1.5%) = 5,800 CZK/month*
 Allowances for two children aged 9 and 14, i.e. 605 CZK and 714 CZK = 1,319 CZK.

Monthly wages in CZK		Allowances for 2 children in CZK	Disability pension in CZK	Proportion: pension / wages*)	
gross	net			gross	net
15,989	13,224	1,319	5,800	41.1	48.9

*) including allowances for 2 children

Article 57

The benefits are secured for protected persons with the condition that they achieve the required insurance period. This period is not required if full or partial disability occurred due to a working injury or occupational disease. The insurance period is not required either if the full disability arose before the insured person achieved 18 years of age. The condition in these

cases is permanent residence in the territory of Czech Republic. The required period is 5 years for an insured person older than 28 in ten years before the establishment of full or partial disability. In the case of insured persons younger than 28, the required insurance period is graduated and it amounts to 4 years at the most (§ 40 of the act no. 155/1995 Coll.).

There are no percentage reductions due to a shorter time of contributions. Full disability pension can be reduced if the disability results from a self-inflicted injury or if it is a consequence of an intentional criminal act.

Article 58

Full disability pension belongs to the insured person for the whole period of disability, no transfer to the retirement pension is obligatory. Partial disability pension is reduced or stopped due to concurrence with earnings from gainful activities in accordance with rules mentioned in § 46 of the Retirement Pension Act.

As regards **article 68**, the following letters are used:

- a) There is no right for disability pension if the recipient performs a gainful activity abroad; if the full invalidity arose before the age of eighteen, the pension is not paid if the permanent residence of the recipient is not in the territory of the Czech Republic.
- c) Full and partial disability pension is not paid for the period of granted sickness benefits before the disability pension is granted.
- d) If some pension payments are found to be higher than the person is entitled to receive or if they are found to be granted or paid unjustly, the payments are reduced or withdrawn and the payments are stopped from the day following after the last day of the period for which they were granted.
- e) If full or partial disability results from an intentional self-inflicted injury that the insured person caused to him/herself or had it caused or from an injury of the insured person's health resulting from his/her intentional criminal act, for the calculation of the full or partial disability pension the calculated period, i.e. the period from the beginning of the disability until the retirement pension is not added.
- f) The payments of full or partial disability pension can be suspended if the recipient of the pension has not submitted to an examination of his/her health condition. The payments of partial disability pension can also be suspended if the recipient of the pension has not presented the overview of income or notification in accordance with § 47, section 3 of the Act no. 155/1995 Coll., in the wording of later regulations, by the end of the calendar month the document is due.

PART X – SURVIVORS’ BENEFITS

Article 59 and 60

The covered social event is a loss of subsistence funds due to the death of one’s husband (wife) and in the case of a child of one or both parents; the claim does not depend on the fact that the surviving person is not able to take care of him-/herself. The possibility mentioned in paragraph 2 is not used, survivors’ benefits are not reduced or withdrawn due to concurrence with earnings from gainful activities.

Article 61

- A. The group of protected persons corresponds to the group of protected persons mentioned under letter a). (see also the explanation of article 27).
- B. protected persons are survivors (widow/widower, dependent child) after persons that were recipients of retirement, full, or partial disability pension or complied with the condition of the required insurance period for the full disability pension or complied with the conditions for the retirement pension by the day of their death or died due to a work injury.
- C. The number of protected employees: 4,068 thousand.

Article 62

- A. The benefit is a revolving payment calculated in accordance with article 61, letter a) in accordance with article 65.

Chapter I

A

The pension consists of two components

Basic sum – 1,310 CZK a month.

Percentage sum

- for the widow’s (widower’s) pension it is 50% of the percentage sum of the pension that the demised person was entitled to (see the retirement or disability pension)
- for the orphan’s pension it is 40% of the percentage sum of the pension that the demised person was entitled to (see the retirement or disability pension)

B

The evaluation of the required level of survivors’ pension is performed in accordance with article 65, paragraph 6, point b) (in a more detailed way see the initial note).

C

As in the Czech Republic social security benefits are not subject to taxation (in the case of pensions just amounts exceeding 12,000 CZK – i.e. approx. 1% of cases) and

payments of fees for health and social insurance, the benefits can be compared to net income. The net income of a widow with two children is 13,224 CZK.

Chapter IV

D – G

Calculation of the benefit for a qualified workman with the wages of 15,989 CZK:

Amount of widow's (widower's) pension:

$$= 1,310 + 50\% * ((7,400 + ((15,989 - 7,400) * 30\%)) * (30 * 1,5\%)) = 3,555 \text{ CZK a month}$$

Amount of orphan's pension:

$$= 1,310 + 40\% * ((7,400 + ((15,989 - 7,400) * 30\%)) * (30 * 1,5\%)) = 3,106 \text{ CZK a month}$$

The amount of a widow's (widower's) pension and 2 orphans' pensions
 $3,555 + 2 * 3,106 = \mathbf{9,767 \text{ CZK}}$

The amount of allowances for two children aged 9 and 14, i.e. 605 CZK and 714 CZK =
 1,319 CZK

Monthly wages in CZK		Allowances for 2 children	Widow's and 2 orphans'	Proportion pension / wages*)	
gross	net			gross	net
15,989	13,224	1,319	9,767	64.1	76.2

*) including allowances for 2 children

Article 63

The survivor's benefit belongs to a person whose husband (wife) or parent was a recipient of retirement, full, or partial disability pension or complied with the condition of the required insurance period for the full disability pension or complied with the conditions for the retirement pension by the day of his/her death or died due to a work injury. The minimum insurance period is five years – see the explanation of article 57 (see also art. 29). The domestic law does not use par. 3, 4 and 5.

Article 64

Widow's and widower's pension are granted for the period of one year after the death of the husband (wife) and after that under conditions mentioned in § 50 of the act no. 155/1995 Coll. on Retirement Pension, in the wording of later regulations, i.e. in cases when the surviving person:

- a) looks after a dependent child;
- b) looks after a juvenile child with a long-term disease or severe disability requiring extraordinary care or looks after an adult child that is mostly or completely helpless;
- c) looks after a mostly or completely helpless parent of his/hers of her demised husband's who lives in the same household or after such a parent who is partly helpless and older than 80;
- d) is fully disabled; or
- e) has achieved the age of 55 years (58 years in the case of a widower) or the retirement age if the retirement age is lower.

A condition for granting orphan's pension is dependence of the child. The Pension scheme act in § 20m section 3 defines dependence and acknowledges it throughout the school attendance period (if other conditions are met) until the achievement of 26 years of age at the most. The claim for widow's or widower's pension ceases to exist with the conclusion of new marriage. The claim for orphan's pension ceases to exist with an adoption.

As regards **article 68**, the following letters are used:

- d) If some pension payments are found to be higher than the person is entitled to receive or if they are found to be granted or paid unjustly, the payments are reduced or withdrawn and the payments are stopped from the day following after the last day of the period for which they were granted (§56).
- e) The claim for widow's or widower's pension ceases to exist with the legal effect of a court's decision that the widow or widower caused the death of the husband or wife intentionally as offenders, accomplices, or participants of a criminal act (§ 50, section 6). A similar provision holds good for orphan's pension.