

English summary

2018

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English summary

1 Social protection in Finland and the role of the Social Insurance Institution (Kela)

1.1 General

Social security. In the Finnish constitution, social security is defined as the universal right to basic subsistence in the event of unemployment, illness and disability and during old age as well as at the birth of a child or the loss of a provider. Social security benefits can be in the form of *cash benefits* or *services* provided or purchased with public funds.

The provision of social security is financed with taxes, tax-like payments, social insurance contributions and fees for service.

Social security schemes administered by Kela. Kela, the Finnish Social Insurance Institution, is one of the institutions implementing the Finnish social security system. It is a public institution supervised by the Finnish parliament.

The schemes administered by Kela include basic pensions, health insurance, unemployment protection, rehabilitation, housing benefits, benefits for families with children, financial aid for students, and basic social assistance. Kela also administers schemes paying out disability benefits and conscript's allowances, among others.

Kela has a network of customer service points that covers the entire country. At the end of 2018, customer service around Finland was provided out of 161 service points operated solely by Kela and 138 service points operated jointly with other public-sector organisations. Phone inquiries can be directed to a range of customer service numbers, all operating nationwide and each with its own special area of benefit expertise. Applications for nearly all benefits can be made by signing in to Kela's online customer service.

The first chapter of this Statistical Yearbook outlines the Finnish social security system and describes Kela's role as one of the institutions implementing the system. The following chapters focus on the individual schemes administered by Kela.

1.2 Retirement security

The Finnish pension system consists of two statutory schemes, one providing *earnings-related pensions* and the *other national pensions* supplemented by guarantee pensions. Combined, these two schemes offer retirement security for old age, incapacity for work and the death of a provider. There are also a number of laws which provide for retirement security in the event of certain specific risks.

Earnings-related pensions are payable to persons with earnings from public- or private-sector employment or from self-employment.

Pensions provided by Kela. The purpose of national pensions and guarantee pensions is to provide basic economic security for pensioners whose other pension income is small or non-existent. National pensions are paid in the form of *old-age* and *disability pensions*, while survivors' pensions can take the form of *spouses'* and *orphans' pensions*. Other pension benefits provided by Kela are the *child increase*, the *front-veterans' supplement* and the *additional front-veterans' supplement*.

Earnings-related pensions. The amount of the earnings-related pension is affected by career length and earnings. Entitlement to an earnings-related pension is accrued for all pensionable self-employment or employment in the public or private sector. Earnings-related pension rights are also accrued when in receipt of an earnings-related daily allowance, during periods of childcare, and during degree-oriented study.

There is no coordination between individual earnings-related pensions, but pensions payable under the legislation on employment accident and motor insurance take precedence, which means that they reduce the recipient's other earnings-related pension entitlement.

The earnings-related pension scheme consists of a number of private- and public-sector subschemes, which are governed by different laws concerning pension provision. The pensions payable under these laws include old-age pensions, disability pensions, part-time pensions, survivors' pensions and *partial early old-age pensions*.

Special pension provision. The purpose of the *farm closure compensation* is to provide economic security to agricultural entrepreneurs who give up farming before qualifying for an old-age pension.

The pensions, annuities and assistance pensions available under the various laws governing *employment accidents, occupational diseases, motor vehicle insurance* and the *compensation for military accidents and service-related illnesses* are aimed at securing the continuity of livelihood in the event of the risks specified in the laws.

Financing. The pensions provided by Kela in 2018 were entirely state funded. Private-sector earnings-related pensions are financed by employers and insured persons. Pensions for agricultural entrepreneurs are financed by the state and the entrepreneurs themselves, with the exception of farm closure pensions, which are entirely state funded. Pensions for self-employed persons are financed by the state and the self-employed persons themselves. Public-sector pensions are financed with corresponding public funds with the participation of insured persons. Pension entitlements accrued during childcare and study are funded by the state.

Coverage in respect of employment accidents and occupational diseases is financed by employers. Corresponding cover for agricultural entrepreneurs is financed by the state, Kela and the entrepreneurs themselves. Motor vehicle insurance cover is financed by vehicle owners. Compensations for military accidents and service-related illnesses are paid by the state.

The financing of the pensions provided by Kela is based on the *pay-as-you-go* principle, which means that incoming payments and contributions go directly towards benefit expenditure. Nearly all of the earnings-related pension schemes are partially *funded*.

Statistics

Each pension provider is responsible for compiling statistics on the pensions it provides. Because one person may collect a pension under several laws at the same time, Kela and the Finnish Centre for Pensions also compile joint statistics on the total number of beneficiaries and the amounts of aggregate pensions.

These joint statistics cover the pensions provided by Kela, the earnings-related pensions, and the special pensions for agricultural entrepreneurs.

A pension benefit which is paid by Kela and consists solely of a front-veteran's supplement or child increase is not considered a Kela pension for the purpose of the joint statistics. The expenditure on the benefits mentioned above is included in the expenditure on earnings-related pensions in all cases where the recipient has been granted an earnings-related pension.

The joint statistics cover the persons receiving a pension paid under the employment accident, occupational disease, motor vehicle insurance, military accident compensation and comparable laws as well as guarantee pension recipients, provided that the person in question also receives a national pension or an earnings-related pension. The expenditure on special provision and guarantee pensions is also included in the total pension expenditure if the recipient in question also receives a national pension or an earnings-related pension. Special provision pensions and guarantee pensions without a concomitant national or earnings-related pension are not included in the joint statistics. The joint statistics also do not cover voluntary pension provision.

In the joint statistics, new pension recipients include not only new retirees but also persons who have not been paid a pension for two years or more. This is in contrast to the definition used in the Kela's own statistics, in which new pension recipients are considered to include both first-time beneficiaries and those whose previous pension benefit was discontinued at least one month earlier.

In the case of the medical diagnosis of a person having received or beginning to receive a disability pension, the reference is to the main diagnosis forming the basis for the disability pension claim expressed in terms of the ICD-10 classification. The data on diagnoses are primarily based on diagnoses registered in the earnings-related pension scheme.

1.3 Disability benefits and services

Disability cash benefits and services are intended to support persons with disabilities in their daily activities and to promote their social participation.

Cash benefits. Depending on the recipient's situation, disability cash benefits can be paid in the form of the *disability allowance for persons under 16 years of age*, the *disability allowance for persons aged 16 years or over*, or the *pensioner's care allowance*.

Care allowances and other compensations are payable under the legislation on employment accidents and occupational diseases, the motor vehicle insurance laws and the legislation on compensations for military accidents and service-related illnesses. Persons with disabilities are entitled to compensation from the municipal authorities for the expenses arising from their disability. Municipalities also provide a family caregiver allowance to support family care.

Services. Municipalities are required to provide necessary services for persons with disabilities. They include home care and residential services, services for persons with developmental disabilities, interpreting services and rehabilitation services by various providers. Along with primary health care providers and insurance companies, Kela is responsible for providing access to rehabilitation and interpreting services.

1.4 Health security

Health care. According to the definition used in the Yearbook, health care covers the following topic areas: inpatient and outpatient care, outpatient medication and pharmaceutical products, medical devices and appliances, environmental health care, health care administration and public investments, and travel costs reimbursed through health insurance. Health care is financed predominantly by the state, municipalities, the health insurance scheme, and households.

Health insurance. The health insurance system provides compensation for the costs arising from illness, pregnancy or childbirth as well as for the cost of outpatient medical care. The latter includes the fees by *doctors* and *dentists* in private practice, the costs of *medicines*, *examination* and *treatment* costs, and the *cost of travel* necessitated by illness. Occupational health care and student health service costs are compensated as well.

Public expenditure on health care consists of the part of health care which is funded by the state, the municipalities or the health insurance system. In addition to that, the total expenditure on health care also includes privately funded health care provision.

Income security during illness. Loss of income resulting from short-term incapacity for work is compensated out of the health insurance system. Parents are also compensated for loss of income resulting from the care and rehabilitation of a sick child. A sickness allowance during incapacity is payable under the employment accident, occupational disease and motor vehicle insurance laws and the legislation on compensations for military accidents and service-related illnesses in case of a covered eventuality. Compensations for loss of earnings are available in the event of criminal damage and patient or pharmaceutical injury. Economic security during illness can also be obtained through voluntary insurance arrangements.

Employers pay a full salary at least for the first day of illness and the following nine working days (which corresponds to the waiting period for the sickness allowance). Self-employed persons and agricultural entrepreneurs are eligible for an allowance for part of the sickness allowance waiting period.

Persons who fall ill while employed on a full-time basis can be paid a *partial sickness allowance* if they return to work on a part-time basis on account of the illness.

1.5 Rehabilitation

The purpose of rehabilitation is to maintain and improve the population's functional ability and capacity for work. The rehabilitation can be medical, vocational, social or educational in nature. It is usually provided free of charge to the client, who can be paid income security benefits during the rehabilitation.

The Finnish rehabilitation system is a mix of different service providers and sources of funding. The provision of rehabilitation and the responsibility for funding are divided among such organisations as the municipal social and health departments, the occupational health care system, Kela, the State Treasury, the Employment and Economic Development Offices, the authorised pension providers, and the employment accident and motor insurers. Rehabilitation services are provided, along with governmental institutions, by a range of disability and public health organisations, various foundations and other third-sector organisations and by private enterprises.

Kela as a rehabilitation provider. Along with public health care providers, Kela is the principal provider of rehabilitation services in Finland. Kela provides access to *vocational rehabilitation*, *intensive medical rehabilitation* and *rehabilitative psychotherapy*. Kela also offers *discretionary rehabilitation services*, which are mainly intended for working-age individuals whose capacity for work has become impaired due to an illness or injury. Kela provides access to and reimburses the cost of rehabilitation services, and offers income security

benefits to rehabilitation clients in the form of a rehabilitation allowance payable during participation in rehabilitation which results in loss of earnings for the client.

Rehabilitation services arranged and compensated by Kela are not available to persons who are entitled to rehabilitation under the legislation on employment accidents and occupational diseases, the motor vehicle insurance laws, the legislation on compensations for military accidents, or comparable laws. Vocational rehabilitation for persons who are gainfully employed or who still retain some ties to working life is primarily arranged by the authorised pension providers.

1.6 Income security in unemployment

Unemployment benefits are paid by unemployment funds and Kela: the funds pay their members earnings-related benefits while Kela pays basic unemployment benefits to other unemployed persons. In order to qualify for unemployment benefits, it is necessary to register with the Employment and Economic Development Office.

The main benefits aimed at providing income security to unemployed persons are the *unemployment allowance* and the *labour market subsidy*. Also included under unemployment benefits are the *commuting and relocation allowance* and the *job alternation compensation*.

Unemployment allowance. Persons who are insured with an unemployment fund can be paid an *earnings-related unemployment allowance*. Other unemployed persons are paid the *basic unemployment allowance*. The allowance is paid to unemployed persons who meet the work requirement: i.e., they have been employed 26 calendar weeks in the previous 28 months.

Depending on the age and employment history of the recipient, unemployment allowance can be paid for a maximum of 300, 400 or 500 days. The count is restarted if the person in question again meets the work requirement.

The basic unemployment allowance is adjusted annually to changes in the National Pensions Index. The earnings-related unemployment allowance consists of a *basic amount*, which is equal in amount to the basic unemployment allowance, and an *earnings-related amount*, which is calculated on the basis of previous earnings. A *child increase* is provided for dependent children under 18 years of age.

Unemployment allowances can also be paid during participation in *employment promotion measures*.

Unemployment funds for self-employed persons pay an earnings-related unemployment allowance to their members, while non-members may be eligible for a basic unemployment allowance. The work requirement is determined differently for self-employed persons than for wage and salary earners.

Labour market subsidy. If a person remains unemployed after having drawn unemployment allowance for the maximum period of time, they can claim labour market subsidy. It is payable also to unemployed persons who do not meet the work requirement. The full amount of the labour market subsidy is equal to the basic unemployment allowance. Labour market subsidy is available both during unemployment and during participation in employment promotion measures.

As a general rule, it is *means tested*, which means that the capital income and other income of the recipient, and for those living with their parents, their parents' income, may reduce the subsidy. No means test is applied during participation in employment promotion measures.

Commuting and relocation allowance. The commuting and relocation allowance is intended to make it easier for unemployed persons to accept job offers. It subsidises commuting costs and expenses of moving closer to the place of work.

Job alternation compensations. Job alternation compensation is paid to employees taking a sabbatical provided that their employer hires an unemployed jobseeker to fill their position.

Financing of unemployment benefits. Basic unemployment protection is financed by the state. Basic unemployment allowances are financed not only by the state but also with contributions levied from wage and salary earners who are not members of an unemployment fund. The earnings-related part of the allowance is financed with contributions from employers and wage and salary earners and with unemployment fund membership dues. Additional financing for labour market subsidies is provided by the municipality in which the unemployed person is domiciled. Municipalities finance 50% of labour market subsidy payments made to persons who have received the subsidy for at least 300 days and 70% of the payments to those having received

labour market subsidy for 1,000 days or more, provided that labour market subsidy is paid on account of unemployment and not for example during participation in employment promotion.

1.7 Assistance to families with children

Benefits provided for the care, custody and maintenance of children include the maternity grant, the maternity, paternity and parental allowances, the child care allowances, the child benefit, the orphan's pension, the child maintenance allowance, the child increases supplementing various benefits, compensations from voluntary life insurance, and the tax deduction for child maintenance liabilities.

With the *maternity grant*, clients have a choice between a cash benefit and a maternity package comprising baby clothes and child care items.

When a child is born or adopted, the parents are entitled to a *maternity, paternity and parental allowance*.

Employees have the right to a leave of absence while they are paid a maternity, paternity or parental allowance. Under the terms of a collective agreement, employers may pay employees a salary for part of the maternity, paternity or parental leave. Employers are entitled to a compensation from health insurance funds for any annual leave pay or compensation they provide to an employee who receives maternity, paternity or parental allowance.

The *child home care allowance* and the *private day care allowance* represent an alternative to child care arranged by the municipality. The parents of a child under 3 years of age have the right to a leave of absence without pay to look after their child.

A partial child care leave is available until the end of the child's second year of school. The parents of schoolchildren in their first few years of school are paid a *partial care allowance* during the partial child care leave, while the parents of children under 3 years of age can get a *flexible care allowance*.

A *child benefit* is paid for each child under 17 years of age. Children are entitled to a *child maintenance allowance* if the person liable for child support has failed to pay it or no person liable for child support has been confirmed.

Economic security for families with children is also provided through benefits related to housing or available in the event of a child's illness or disability.

Statistics

Orphans' pensions and child increases supplementing pensions are included in the pension insurance statistics. The child increases supplementing unemployment benefits are included in the unemployment protection statistics.

1.8 Assistance for housing

Public assistance for housing is provided both in the form of services and as cash benefits. The purchase or modernisation of a dwelling is supported through loans or loan interest subsidies. Financial assistance may also be available for the renovation of a dwelling. Part of the interest payable on housing loans is tax deductible.

Housing benefits provided by Kela. Benefits which directly reduce housing costs are the *general housing allowance*, the *housing allowance for pensioners*, the *housing supplement for students* and the *housing assistance* provided as part of the conscript's allowance.

Social assistance (income support) can be provided towards housing costs when the benefits listed above are not enough. Kela provides basic social assistance for reasonable housing costs. Municipalities provide supplementary and preventive social assistance under specific conditions.

Supported and service housing is provided for such groups as the elderly, persons with disabilities and substance abusers.

1.9 Income security for students

There are various forms of public assistance for students. Administration of the state-financed *student financial aid* scheme is one of Kela's responsibilities. It includes the following: *study grants, housing supplements, government guarantees for student loans, student loan compensations, student loan tax deductions, interest assistance* and *meal subsidies*.

Kela pays a *school transport subsidy* for upper secondary school students and those completing a basic vocational qualification or a course of study preparing them for a basic vocational qualification. An *orphan's pension* can be paid by Kela to 18-to-20-year-olds in full-time education or vocational training (see chapter 2).

The Education and Redundancy Payments Fund provides an adult education subsidy to support vocational training among wage and salary earners and self-employed persons. The Fund also awards a scholarship for qualified employees who have completed a competence-based vocational qualification.

In certain situations, unemployment persons have the possibility to study without losing their eligibility for unemployment benefits. Labour market training is a form of adult education arranged by the Employment and Economic Development Office whose purpose is to improve the prospects of unemployed persons to find work. Unemployment benefits are paid during self-motivated study if the Employment and Economic Development Office recognises a need for training and judges that training would improve the unemployed person's employment prospects. (See chapter 6.)

Vocational rehabilitation for persons with functional impairments is provided in the form of basic, vocational and university education. Rehabilitation clients in education or training can be paid a *rehabilitation allowance*.

1.10 Social assistance

Social assistance, or income support, is a last-resort form of financial assistance for individuals and families which covers some of the basic necessities of life. Social assistance is intended to be a source of short-term financial aid that helps recipients overcome or avoid temporary difficulties and promotes their autonomy and independence.

Social assistance consists of the following three components:

- basic social assistance
- supplementary social assistance
- preventive social assistance.

Applications for basic social assistance must be submitted to Kela. Municipalities may provide supplementary and preventive social assistance at their discretion.

More information: www.kela.fi/statistics

2 Pensions

Kela provides the following pension benefits: *national pension, guarantee pension, survivors' pension, child increase, front-veterans' supplement* and *additional front-veterans' supplement*. National pension can be paid in the form of an old-age pension or a disability pension. Survivors' pensions are awarded as either orphans' pensions or spouses' pensions.

National pensions, guarantee pensions and survivors' pensions are taxable income. Pensioners are entitled to a pension income tax deduction, whose purpose is to ensure that pensioners receiving national or guarantee pension only pay no tax on their pension income. The amount of pension benefits is adjusted yearly in line with changes in the national pensions index.

Eligibility. Eligibility for national pensions and guarantee pensions extends to persons who are resident in Finland. Residence in Finland is defined in the Act on Social Security in Cross-Border Situations.

Residents of Finland become eligible once they have lived in Finland for a total of at least three years after reaching the age of 16 years. Disability pensions may be awarded without the three-year residence requirement to residents of Finland who become disabled while under 19 years of age and to persons who are being paid disability allowance for persons under the age of 16 when they reach the age of 16 years.

Survivors' pensions are payable to surviving spouses and children living in Finland provided that the deceased was living in Finland at the time of his or her death. The residence-period requirements for the deceased and the surviving spouse are the same as those applicable to national pensions. Surviving children are not subject to residence-period requirements.

Front-veterans' supplements and additional front-veterans' supplements may be granted to residents of Finland. Subject to various conditions, the front-veterans' supplement may also be granted to residents of other countries. The child increase is available to pensioners living in Finland who have a dependent child under 16 years of age who is living in Finland.

If a recipient of a national or survivors' pension moves abroad, payment of the pension continues for one year if the pensioner had lived in Finland for at least five years when payment of the pension started. Persons who move abroad for a period of less than a full year can continue to receive guarantee pension.

The effect of EU legislation and social security agreements. There are certain exceptions to the rules concerning residence-based retirement provision which flow from the EU legislation and bilateral social security agreements signed by Finland. The EU provisions apply to nationals of EU countries, EEA countries and Switzerland as well as to third-country nationals (and their family members) insured in the above countries. The Nordic Convention on Social Security mainly applies to Nordic nationals living in EU and EEA countries who do not come within the scope of the EU legislation. Bilateral social security agreements offer reciprocal access to pensions from the other signatory country.

2.1 Pension benefits and eligibility rules

National pensions and guarantee pensions

National pensions are paid to persons whose pension based on past employment is small or non-existent.

Old-age pension. Old-age pension can be awarded

- as an early old-age pension at the age of 63 or 64 years (to persons born before 1962). The pension continues to be paid as an old-age pension and at the same amount when the recipient reaches the age of 65 years.
- as an ordinary old-age pension at the age of 65 years or, for the long-term unemployed, at the age of 62 to 64 years
- as a deferred pension for persons who postpone their retirement past the age of 65 years.

Disability pension. The disability pension is available to persons between ages 16 and 64 who are unable to perform work because of an illness, injury or impairment. Persons who are permanently blind or lack mobility are entitled to a disability pension as a matter of course.

Disability pensions can be awarded either indefinitely or for a specified period of time (as rehabilitation subsidy). Disability pension cannot usually be paid until the recipient has been paid sickness allowance for 300 working days.

Guarantee pension. Guarantee pension is payable to persons whose other pension income from Finland or abroad is less than the amount required to qualify for the smallest guarantee pension. It can be awarded to persons aged 16 years or over who receive

- old-age pension
- disability pension
- full disability pension or compensation paid in respect of a traffic accident or accident at work
- farm closure compensation.

Persons moving to Finland may be entitled to a guarantee pension if they have reached the age of 65 years or if they are disabled and have reached the age of 16 years.

Survivors' pensions

Spouse's pension. Spouse's pension is payable to surviving spouses under the age of 65 years. Another requirement is that the deceased was under 65 years of age at the time of marriage. The surviving spouse is entitled to a pension if he or she has or had a child with the deceased.

If this is not the case,

- the surviving spouse must have been at least 50 years old when the deceased passed away
- the marriage must have lasted at least five years
- at the time of marriage, the surviving spouse may not have reached the age of 50 years.

The spouse's pension takes the form of a flat-rate initial pension payable for six months following the deceased person's death and a continuing pension paid thereafter and consisting of a basic amount and an additional amount. The basic amount is payable to surviving spouses with a dependent child under 18 years of age. (Table A.)

Orphan's pension. Orphan's pension is payable to children under 18 years of age one or both of whose parents or guardians have died. Orphans between ages 18 and 20 are entitled as well if they are full-time students or in vocational education. The orphan's pension comprises a universal basic amount and an additional amount. (Table A.)

Other pension benefits

Child increase. Child increase is payable for children under 16 years of age who live in the pensioner's household. It is available as a supplement to national pensions as well as to disability, old-age and early old-age pension based on past employment. Eligibility for the child increase also exists for recipients of continuously paid special provision pensions and similar compensations.

Front-veterans' supplement. Front-veterans' supplement is payable for persons who served in the 1939–1945 wars and were awarded a corresponding official recognition as well for those who participated in mine clearance between 1945 and 1952. It can also be paid abroad.

Additional front-veterans' supplement. Additional front-veterans' supplement is payable for war veterans in receipt of both the front-veterans' supplement and a national pension.

2.2 The effect of various factors on the amount of benefit

Effect of income. The amount of *national pensions* is affected by the recipient's own earnings-related pensions and comparable compensations paid on a continuous basis. It is not affected by assets or income from self-employment or investment. In the case of the *guarantee pension*, the recipient's other pensions are deducted from the guarantee pension. It is not reduced by assets or income from employment or investment.

In the case of the *additional amount of the spouse's pension*, 'income' means the pensioner's continuous income in retirement. The *additional amount of the orphan's pension* is offset against other survivors' pensions.

Family circumstances. Income-related benefits are affected by family circumstances in the sense that the recipient's relationship status (married, cohabiting, in a registered partnership) and shared household with spouse or partner affects the amount of such benefits.

Early or deferred old-age pension. A permanent reduction of 0.4% per month of early retirement is made to the amount of early old-age pensions. Deferred old-age pensions are increased by 0.6% for each month by which the start of pension is postponed past the age of 65 years.

Table A: Structure of survivors' pensions, at year-end 2018

Type of pension	Pension components	
	Fixed amount	Additional amount
Spouse's initial pension	yes	no
Continuing pension for spouses		
– with dependent children	yes	yes (low income)
– without dependent children	no	yes (low income)
Orphan's pension		
– child under 18 years of age	yes	yes (low income)
– pension paid on account of studies	yes	no

Adjustment of pension to residence in Finland. The amounts of national pensions and spouses' pensions are proportional to the length of residence in Finland. The pension is adjusted to residence if the applicant has spent less than 80% of the time between age 16 and the start of pension in Finland. The adjustment coefficient is derived by dividing the length of time lived in Finland by 80% of the time between age 16 and the start of pension.

For employees insured both in Finland and in some other EU or EEA country or in Switzerland, the amount of pension payable is calculated according to the EU legislation. If there is entitlement to a pension based on the Finnish legislation, the pension is calculated on the basis of the national legislation and the EU legislation both. The pension is awarded according to whichever method of calculation results in a larger pension. If there is entitlement only on the basis of the EU legislation, the amount of pension is calculated only according to the EU legislation (pro-rata pension). When calculating *pro-rata pensions*, the first step is to calculate the amount payable as if all periods of residence completed by the applicant in some member country had been completed in Finland. The pro-rata pension is then calculated by multiplying the result by the ratio of the periods of insurance completed in Finland to the combined length of periods of insurance completed in other member countries. Orphans' pensions, too, are adjusted to residence when calculating pro-rata pensions.

Statistics

The statistics on pension benefits refer to periods of benefit payment which are continuing or which began in the reference year. New pensions, i.e. those which began in the reference year, are considered to include cases where the recipient has never before been paid a pension or the most recent payment of pension ended at least one month earlier. The volume of pension benefits refers to the amount of benefits in active payment status at a given point in time. The amount of benefits paid during a year as expressed in euro is the cumulative amount of benefits paid in various months, including payments made in arrears.

3 Benefits and services for persons with disabilities

The benefits provided by Kela for persons with disabilities are: the *disability allowance for persons under 16 years of age*, the *disability allowance for persons aged 16 years or over*, and the *care allowance for pensioners*, all of which are structurally similar. They can be awarded either indefinitely or for a specified period of time.

Disability benefits are not taxable income and their amount is not affected by the recipient's other income or assets. Disability benefits are adjusted yearly in line with changes in the National Pensions Index.

Kela also offers interpreting services for persons with disabilities.

3.1 Disability benefits

The award of a disability benefit usually requires the recipient to be living in Finland permanently. However, under the EU regulation on social security, it is possible in certain situations to grant disability benefits to persons living in another EU/EEA country or in Switzerland. Benefits may be paid to other countries as well under certain circumstances.

They can also be paid to persons who are in short- or long-term institutional care.

Disability allowance for persons under 16 years. The allowance is payable to disabled children under 16 years of age and to children with a long-term illness. A requirement for eligibility is that the child has an illness, injury or impairment which requires treatment, care or rehabilitation lasting at least six months and requiring a level of effort and commitment to care as well as additional expenditure which go beyond that required in the case of a healthy child. The allowance is payable at three rates (basic, middle and highest).

Disability allowance for persons aged 16 years or over. The purpose of the allowance is to provide financial assistance with activities of daily living, work and study to persons who are 16 years of age or older and who are not in receipt of a pension. The disability allowance for persons aged 16 or over is also payable at three rates (basic, middle and highest).

Care allowance for pensioners. The purpose of the allowance is to help disabled pensioners and persons with a long-term illness with their daily activities and functioning and to provide support for rehabilitation and treatment. It is payable to persons 16 years of age or older who receive any of the following benefits:

- old-age pension or early old-age pension
- a full disability pension
- guarantee pension
- pension assistance
- years-of-service pension
- spouse's pension (the recipient must be 65 years of age or older)
- a pension paid in respect of a traffic accident or accident at work, a life annuity, a disability pension or compensation.

This allowance, too, is payable at one of three rates.

A special supplement is paid to war veterans who receive care allowance for pensioners at the middle or highest rate as well as additional front-veterans' supplement.

Disability benefits (2018):

€ per month	Basic rate	Middle rate	Highest rate
Disability allowance for persons under 16 years	92.14	215.00	416.91
Disability allowance for persons aged 16 years or over	92.14	215.00	416.91
Care allowance for pensioners	70.52	153.63	324.85
The disability supplement for veterans was paid at the rate of €105.13 per month.			

Statistics

The statistics on disability benefits cover both benefits awarded during the year and benefits currently in payment. The data on benefits currently in payment reflect the situation at the end of the year and cover all recipients. The statistics on benefits awarded during the year show the number of new benefits awarded during the year. A benefit is considered to be new if the recipient has not previously received the benefit in question or several months have passed since it was last paid. The expenditure on benefits comprises all payments of disability benefits made during the year in question.

3.2 Interpreting services for the disabled

Entitlement to interpreting services for the disabled extends to persons with a hearing, combined hearing/vision or speech impairment who need interpretation to work, to study, to handle their affairs, to participate in society, or to pursue a hobby or recreational activities. Interpreting services for the disabled are available to persons living in Finland. They may also be made available for the duration of foreign travel.

4 Health insurance

The benefits available under the Health Insurance Act include the sickness allowance, the *maternity, paternity and parental allowances*, the *special care allowance*, *reimbursements of medical expenses*, *occupational health care*, and *student health services*. The sickness allowance, the maternity, paternity and parental allowances, the special care allowance and the reimbursements for medical expenses are in this Yearbook referred to collectively as *health insurance compensations*.

4.1 Health insurance compensations

Legislation on health insurance. All permanent residents of Finland are insured under the Health Insurance Act.

Eligibility for maternity, paternity or parental allowances requires that the claimant has lived in Finland for at least 180 days immediately before the calculated due date or time of adoption.

Sickness allowances

The sickness allowance is paid as compensation for loss of earnings caused by illness and lasting less than a full year. The purpose of the partial sickness allowance is to support the continued employment, and return to work, of persons who are unfit for work.

Sickness allowance. The sickness allowance is payable to insured persons between 16 and 67 years of age who are unable to perform their regular work or an essentially similar gainful activity because of illness. It is payable after completion of a waiting period (consisting of the first day of illness and the following nine working days). Employers are required to provide continued pay during the waiting period.

Kela pays self-employed persons an allowance under the YEL (Self-Employment Persons' Pensions) Act for up to nine working days. Self-employed farmers are paid an allowance by their pension provider.

The sickness allowance may be determined on the basis of the following:

- taxed earnings
- pre-incapacity earnings, provided that the amount of earnings has increased significantly
- certain other benefits received in the period preceding the allowance.

The sickness allowance may also be paid at a fixed minimum rate.

As a general rule, it can be paid for up to 300 working days on account of one and the same illness.

Partial sickness allowance. Partial sickness allowance can be granted to persons between ages 16 and 67 who are disabled for work and were, at the onset of disability, in full-time employment and who despite their disability are able to perform part of their full-time duties without endangering their health and recovery. Just like the regular sickness allowance, it is paid following the completion of a waiting period. Partial sickness allowance is payable for a maximum of 120 working days.

Maternity, paternity and parental allowances

Maternity, paternity and parental allowances are paid on account of pregnancy, child birth and the care of a child (including an adoptive child).

Maternity allowance. Maternity allowance is payable to women after 154 days of pregnancy. Payment of the allowance can be timed to begin 30 to 50 days before the calculated due date. The maternity allowance is payable for 105 working days. Those whose occupational environment poses certain risks may be paid a special maternity allowance during the pregnancy if it becomes necessary to stop working before payment of the maternity allowance would normally begin.

Parental allowance. During the 158 working days immediately following the payment of the maternity allowance the parental allowance can be paid to either the mother or the father. It can also be paid to parents adopting a child under 7 years of age.

The mother and the father can be paid *partial parental allowance* at the same time if they make an arrangement whereby both work on a part-time basis and look after their child.

In the event of a multiple birth, the payment period of the parental allowance is extended by 60 working days for the second and each additional child.

Paternity allowance. The maximum period for which paternity allowance can be paid is 54 working days. Fathers can take a paternity leave and be paid paternity allowance for up to 18 working days during the maternity or parental allowance payment period. Fathers can take the rest of their entitlement (or all of it, if they wish) after the maternity and parental allowance payment period until the time when the child reaches the age of 2 years.

Persons in a registered partnership, regardless of their gender, are also eligible for paternity allowance if they adopt their partner's biological or adopted child.

Special care allowance

The special care allowance is payable for the parents of a sick child under 16 years of age who participate in the treatment or rehabilitation of their child in a hospital or hospital outpatient clinic, in home care which forms a part of hospital or outpatient treatment, or in adaptation training or rehabilitation courses based in law.

A criterion of eligibility is that the person caring for the child is prevented from performing their regular work and is not paid a salary for the period in question.

Amount of the allowance

The sickness allowance and the maternity, paternity and parental allowances are taxable income.

The effect of earnings. The amount of the *sickness allowance* and of the *maternity, paternity and parental allowances* is usually determined on the basis of taxed earnings adjusted by a wage coefficient. The *partial sickness allowance* is at least 50% of the preceding sickness allowance or 50% of the sickness allowance that the recipient would have been entitled to at the onset of disability for work. The sickness allowance payable under the YEL (Self-Employed Persons' Pensions) Act is determined solely on the basis of earnings insurable under the Act.

If parents have several children in succession, the maternity, paternity and parental allowances are determined on the basis of earnings used to calculate the previously paid allowance, unless there is a gap of three years or more between births.

Minimum-rate allowance. Maternity, paternity and parental allowances are paid at a rate of at least €24.64 per day (2018).

Until the end of 2018, a waiting period of 55 days was applied. If annual earnings were less than €1,428 (as of 2018), no sickness allowance was paid during the first 55 calendar days following incapacity for work. During that time, and if the recipient's earned income was €1,428–€10,561 (as of 2018), the sickness allowance was paid at a rate which is lower than the minimum rate (€24.64 per working day). Persons with no or low income were paid a minimum-rate allowance after 55 calendar days or immediately after the waiting period if it was apparent that they would be unemployed for at least 300 days.

Preceding benefit as the basis of calculation. The sickness allowance and the maternity, paternity and parental allowances can also be calculated on the basis of a benefit preceding the allowance (such as an unemployment benefit, rehabilitation allowance or study grant). For students, however, the maternity, paternity or parental allowance is paid at the minimum rate even if the study grant was less than that.

Like the sickness allowance, the amount of the special care allowance is calculated on the basis of the recipient's earned income per annum. There is a minimum rate which is paid in any case. The special care allowance is taxable income.

Other compensations for loss of earnings

Persons who have been ordered to stay away from their place of work on the basis of the Communicable Diseases Act are paid a *daily allowance in respect of communicable diseases*. This right extends also to the guardians of a child who has contracted a communicable disease, provided that they are prevented from performing their regular work. Organ, tissue or cell donors are paid a daily allowance for the time they are prevented from performing their regular work.

Compensations payable to the employer

Allowance paid to the employer. Employers who pay a salary to an employee who is on sick leave or on maternity, paternity or parental leave are entitled to the part of the allowance that does not exceed the salary.

Compensations for annual leave costs. Employers who pay their employees a salary or compensation in respect of their annual leave which coincides temporally with a maternity, paternity or parental allowance are entitled to compensation from the health insurance scheme for their annual leave costs.

Compensations for family leave costs. Employers have the option to claim a €2,500 lump-sum compensation for a female employee who takes paid maternity leave. This family leave compensation is available to employers who pay full-time employees a salary during at least one month of their maternity leave. An employer that pays an adoptive mother salary during her parental leave is also eligible for family leave compensation. A prerequisite for family leave compensation is that the employee must have at least 3 months' service before the maternity leave or, in the case of an adoptive mother, before the parental leave, and that the employment must last at least one year.

Reimbursements for medical expenses

The costs of using the following health care services are compensated out of the health insurance scheme:

- *Medicines* and *emollient creams* prescribed by an authorised health care professional and *clinical nutrients* prescribed by a doctor for the treatment of severe or long-term illness. In this Yearbook, the term 'medicines' also covers nutrition products and emollient creams unless stated otherwise.
- *The dose dispensing fees* charged by pharmacies for breaking down medications into single doses.
- *Private physician services*
- *Private dental services.* The private dental services covered by reimbursements include the fees charged by private dentists and dental hygienists. Dental hygienist services are reimbursable if they are based on a referral from a dentist in private practice.
- *Examinations* and *treatments* which have been ordered by a private medical or dental practitioner and are provided in the private sector.
- The costs of *travel* and *overnight accommodation* necessitated by an illness.

Reimbursements of pharmaceutical expenses. The reimbursement of prescribed medicines, nutrition products and emollient creams requires that the Pharmaceutical Pricing Board has confirmed a reasonable wholesale price and approved their reimbursability. Prescription medicines are paid out of pocket until the initial deductible is met. The initial deductible of €50 per calendar year applies to everyone over 18 years of age.

There are three rates of reimbursement: The *basic reimbursement*, which covers 40% of the price. The *special reimbursement*, which is a common name for reimbursements covering 65% (lower special reimbursement) or 100% (higher special reimbursement) of the price. Special reimbursements are available for medicines necessary to the treatment of certain serious and long-term illnesses. The Pharmaceutical Pricing Board may restrict the availability of basic and special reimbursements to certain medical indications or to certain degrees of severity of an illness.

If the total sum of the copayments paid by a patient during the year exceed an annual out-of-pocket maximum (€605.13 as of 2018), all additional costs (minus a €2.50 medicine-specific copayment) is reimbursed out of the health insurance scheme.

Dose dispensing fees. Pharmacies charge dose dispensing fees for breaking down dispensed medicines into single doses. A reimbursement for this is available to persons aged 75 years or over who take at least six reimbursable medicines suitable for dose dispensing service.

Physician services, dental care services and examinations and treatments. The maximum amount that may be reimbursed is linked to reimbursement tariffs, which are set by Kela according to principles defined in the Health Insurance Act.

No reimbursement is available for clerical expenses, operating room charges, hospital per-diem charges or outpatient charges.

Oral and dental examinations, preventive treatment and the treatment of oral and dental diseases by a dentist are covered by the health insurance scheme. Oral and dental examinations performed by a dentist are generally reimbursable every other calendar year. No reimbursement is available for orthodontic care, dental technician services or prosthetic procedures except for front-veterans.

Reimbursement of travel costs. As a general rule, travel costs are reimbursed on the basis of what is the least expensive method of reaching the nearest treatment provider. If a patient's out-of-pocket travel costs exceed €300 during the calendar year, any exceeding costs are reimbursed in full.

The least expensive method is usually public transportation. Expenses for the use of a special means of transport are reimbursable if necessitated by the nature of the patient's illness or injury or by traffic conditions. There is a fixed copayment of €25 for each one-way trip.

Coordination with other areas of social security

The sickness allowance usually takes precedence over the disability pension payable under the legislation on earnings-related pensions, but is secondary to compensations available under accident and motor insurance plans. Further, it takes precedence over compensations payable under the Act on the Compensation of Crime Damage, but is secondary to compensation for loss of earnings during rehabilitation.

Reimbursements for medical expenses are secondary to the compensations available under the legislation on motor vehicle insurance and the law on employment accidents and occupational diseases. Clients who have received compensation for medical expenses under the legislation on employment accidents or motor vehicle insurance are entitled to reimbursement under the Health Insurance Act only to the extent that it exceeds the compensation available under other legislation.

Reimbursement procedure

Reimbursements of pharmaceutical expenses are usually provided to the client by the pharmacy as a *direct reimbursement*. This means that the pharmacy deducts the reimbursement from the price and charges the resulting amount to the client. The pharmacy then claims a reimbursement from Kela. The direct reimbursement is payable as soon as the pharmacy has received electronic confirmation from Kela that the client is entitled to reimbursements. Clients can also claim reimbursement from Kela afterwards.

A voluntary direct-reimbursement procedure is also in use for the reimbursement of doctors' and dentists' fees and for examination and treatment charges. If a private service provider uses direct reimbursement, clients pay a reduced price by presenting their Kela card. If no direct reimbursement is available, clients can claim a reimbursement from Kela.

In the case of travel costs, the direct-reimbursement arrangement is used with reimbursements for the cost of ambulance and helicopter services and for most trips made by taxi. The reimbursements only cover taxi journeys booked with a regional dispatch centre under contract with Kela.

Statistics

Statistical systems. Data on health insurance reimbursements are obtained from benefit information systems. With the exception of certain occupational statistics, they are based on macrodata files.

Statistical units. The following statistical units are used in the statistics on the number of reimbursements of medical expenses:

- with reimbursements of pharmaceutical expenses, the number of purchases or prescriptions belonging to the same reimbursement category. 'Prescription' refers to a batch of medicines dispensed to an insured person in one visit to a pharmacy.
- with reimbursements of examination and treatment charges and of doctors' fees and dental care expenses, the number of visits or prescriptions issued (renewals)
- with reimbursements of travel costs, the number of one-way trips (also includes trips whose cost was less than the copayment but which bring the client closer to the annual copayment maximum).

Dental care services provided to front veterans are included in the health insurance statistics.

With sickness allowances and maternity, paternity and parental allowances, the statistical units are the number of new payments, the number of recipients and the number of days. With special care allowances, the statistical units are the number of recipients, the number of days and the number of children.

A new period of sickness allowance or partial sickness allowance is considered to have commenced when an insured person begins to receive sickness allowance after completing the waiting period (the first day of illness and the following nine working days). A person may have several new periods of payment during a single year. A payment of the partial sickness allowance can also follow immediately from a preceding sickness allowance period. In the case of the sickness and partial sickness allowances, allowances paid under the YEL (Self-Employed Persons' Pensions) Act, maternity, paternity and parental allowances, and special care allowances, the number of allowance days is the number of days for which allowance is paid. The allowances are paid for six days a week (not including Sundays). As a result of the coordination between reimbursements of medical expenses and the rest of the social security system, not all days of illness for which a person is entitled to an allowance are included in the statistics compiled by Kela.

Parents who are gainfully employed are paid maternity, paternity or parental allowance at the minimum rate. In this Yearbook, the minimum-rate allowances paid to mothers who take up employment before payment of their allowance is over are not included in the statistics on minimum-rate allowances.

Additional reimbursements for exceptionally large pharmaceutical and travel costs and the total costs associated with them are included in the relevant statistics. The statistics on the monetary value of travel costs also include allowances and costs related to overnight accommodation.

4.2 Occupational health care and student health services

Under the Health Insurance Act, employers are entitled to compensation for the cost of arranging staff occupational health services. Self-employed persons and agricultural entrepreneurs have the option to arrange occupational health services for themselves and to receive compensation from Kela. The costs of providing health services to university students are also compensated to the Finnish Student Health Service out of health insurance funds.

Occupational health services arranged by the employer

Employers are mandated by law to arrange preventive occupational health services for their staff. In addition, they may provide employees with access to general practitioner level medical services. These arrangements are collectively referred to as *occupational health care*.

Employers can choose to provide occupational health services out of an occupational health unit operated independently or in cooperation with other employers or through an occupational health unit operated by another employer, or they may purchase the services from a municipal health centre or corporation, medical clinic or private service provider.

Under the Health Insurance Act, employers are entitled to reimbursement for the necessary and reasonable costs of the services they arrange. There are two reimbursement categories: The costs of the *statutory provision of preventive occupational health services* belong to reimbursement category I, which means that 50% or 60% of allowable costs are reimbursed. The reimbursement rate is 60% if the employer and the occupational health care provider have signed a written agreement on and implemented common practices relating to the management, follow-up and early support for work capacity. Costs arising from the *voluntary provision of general practitioner level medical care and other health care* belong to reimbursement category II and are reimbursed at a rate of 50%.

Occupational health care for self-employed persons

Self-employed persons have the right to reimbursement of the necessary and reasonable costs of obtaining occupational health services for themselves, which is voluntary.

Either 50% or 60% of allowable costs for preventive occupational health care and 60% of allowable costs for medical care are reimbursed. If occupational health services are obtained from the municipality, the reimbursement is paid to the health centre which provided the services. If the services are obtained from a private provider of occupational health care, the reimbursement is paid to the self-employed person or to a service provider claiming the reimbursement on behalf of the self-employed person.

Student health services

The Finnish Student Health Service (FSHS) is paid compensations out of health insurance funds for the cost of providing health services to university and higher education students. The amount of the reimbursements is linked to a per-student maximum amount but is at least 63% of the FSHS's total budgeted funding for the accounting period.

Statistics

Occupational health services arranged by the employer. Occupational health care statistics are based on reimbursement claims filed by employers for each accounting period. For statistical purposes, data on occupational health services arranged by employers are applied to the calendar year with the greatest overlap with the employer's accounting period. If the accounting period is divided equally between two years, the data are applied to the previous year.

The statistics also include denied reimbursement claims if the claims in question show that the employer provided staff occupational health services. (Approximately 7% of all claims annually are turned down.)

Classified as the service provider is the organisation through which the employer provided occupational health services for the majority of its staff.

Occupational health services for self-employed persons. For statistical purposes, data on occupational health services for self-employed persons are applied to the calendar year in which the services were provided. Since 2006, self-employed persons with paid staff who have arranged for occupational health coverage for their staff and themselves have been able

to claim reimbursement with the claim form intended for employers. These self-employed persons are included in the statistics on occupational health services arranged by the employer.

Student health services. Statistical data on student health services are compiled on a calendar-year basis in accordance with the accounting period used by the Finnish Student Health Service.

4.3 Cross-border healthcare

Cross-border healthcare refers to situations where a person receives or needs healthcare services outside his or her country of residence. This includes situations where the country of residence, for reasons defined in the national legislation (such as employment), does not bear financial responsibility for providing healthcare services within its borders. In such situations it may be the case that the person in question does not travel outside his or her country of residence. Provisions concerning healthcare services offered abroad are found mainly in EU regulations on the coordination of social security systems and in international agreements on social security and healthcare.

Among Kela's benefits, the following are available in international situations: *prior authorisation to seek treatment, right to medical treatment, reimbursement of medical expenses in international situations, state compensation and reimbursement of medical expenses between individual countries.*

Prior authorisation to seek treatment. Seeking treatment means that a person travels to another EU/EEA country or to Switzerland expressly for the purpose of obtaining healthcare services. The person can apply for an authorisation to seek treatment, which will reduce his or her own share of the costs.

Right to medical treatment. The right to medical treatment means that Kela defines, in various international situations, the individual right to healthcare services in Finland and abroad, and issues documents and certificates needed to prove such a right. Kela also defines the individual right to the reimbursements of medical expenses it may provide.

Reimbursement of medical expenses in international situations. Persons who are covered for health insurance in Finland and for whose medical expenses Finland bears financial responsibility are entitled to medical care at Finland's expense when they are living or staying temporarily in another country. The extent of the right to medical treatment, the costs incurred by clients and the reimbursements available from Kela depend on the country providing the treatment and its national legislation, the Finnish national legislation, and the duration of and reason for the residence.

Persons covered for health insurance in another EU/EEA country, Switzerland or country with a social security agreement with Finland are, along with their family members, entitled to receive treatment from Finnish public healthcare providers while staying in Finland and to be reimbursed for the costs incurred.

State compensation. In situations where public healthcare providers extend healthcare services to persons who are not legally domiciled in a Finnish municipality but who are entitled to healthcare services in Finland on some other grounds, the public healthcare providers may claim compensation from the state for the cost of the care they provide. State compensations may also be available in situations where a person living in Finland is legally domiciled in Finland but his or her healthcare costs are the financial responsibility of another EU/EEA country or Switzerland.

Reimbursement of medical expenses between individual countries. When a person receives medical treatment in another EU/EEA country or in Switzerland on the basis of the EU legislation, and only pays the required user fee, the country in question may claim the rest of the costs from the country financially responsible for the treatment.

Reimbursement is made either on the basis of actual costs or as fixed amounts, whereby the former option is the one most commonly used between the countries applying EU legislation. In cases concerning pension recipients and their family members or family members living in another country which applies EU legislation than the one in which the insured family member lives, the countries may also claim reimbursement on the basis of fixed average costs.

Countries applying the EU legislation can agree to waive the reimbursement of the costs of medical care either entirely or in part. Finland has agreements with the other Nordic countries and with the United Kingdom to waive the reimbursement of medical costs.

5 Rehabilitation

Kela provides the following types of rehabilitation: *vocational rehabilitation*, *intensive medication rehabilitation*, *rehabilitation provided on a discretionary basis*, reimbursements for *rehabilitative psychotherapy* and the *rehabilitation allowance*. Kela provides access to and reimbursement for rehabilitation to all persons insured under the Health Insurance Act, i.e., to everyone living in Finland. Rehabilitation provided abroad, too, can be reimbursable under certain conditions.

5.1 Rehabilitation services

Kela has a statutory obligation to offer access to and reimbursement for *vocational rehabilitation*, *intensive medical rehabilitation* and *rehabilitative psychotherapy*. This obligation does not cover persons who are entitled to rehabilitation services under the legislation on employment accidents and occupational diseases, the motor vehicle insurance laws, the Military Injuries Act or comparable legislation. In addition to the statutory provision, Kela can offer access to and reimbursement for *discretionary rehabilitation services*.

When a person has received sickness allowance for more than 60 days, Kela must assess the recipient's need for rehabilitation. Further, prior to issuing a decision on a disability pension claim, Kela must ensure that the claimant's rehabilitation potential is evaluated. Even a change such as a significant reduction in a person's ability to work or study will require Kela to assess the person's needs and potential for vocational rehabilitation as well as to arrange for access to the appropriate rehabilitation services. Whenever a person under 20 years of age claims a disability pension, Kela must assess whether they could benefit from vocational rehabilitation, in which case the primary benefit would be the rehabilitation allowance for young persons.

Vocational rehabilitation. Vocational rehabilitation is aimed at working-age people whose work capacity has deteriorated substantially or is at risk of deteriorating over the next few years. The purpose of the rehabilitation is to help the client continue in or return to work and (for young persons) to facilitate the entry into employment. Vocational rehabilitation can consist of assessments of rehabilitation need and potential, KIIILA rehabilitation, rehabilitation aimed at supporting work capacity, courses in vocational rehabilitation, training trials, and basic and advanced vocational education and retraining. Assistance may also be granted for self-employment or occupational activity or for such expensive and technologically demanding equipment as persons with severe disabilities may need for work or study.

Kela does not have an obligation to offer access to vocational rehabilitation arranged under the earnings-related pension acts or the provisions on special education. Vocational rehabilitation for persons who are gainfully employed or who retain ties to working life is primarily arranged by the authorised pension providers.

Intensive medical rehabilitation. Intensive medical rehabilitation is aimed at people under 65 who have an illness or injury which poses a significant impediment to the performance of daily activities. The rehabilitation promotes their autonomy and improves or maintains their work capacity and functioning.

Rehabilitative psychotherapy. The purpose of rehabilitative psychotherapy is to maintain and improve the client's ability to work and study. It is arranged and reimbursed for young persons and adults who have been found to have a psychiatric disorder which may compromise their ability to work and study.

Rehabilitation services provided on a discretionary basis. Kela also provides access to, among others, *adaptation training* and *multidisciplinary individual rehabilitation*. Discretionary rehabilitation services are aimed primarily at working-age people whose work capacity is impaired by an illness or injury.

Reimbursement of expenses

Rehabilitation clients and service providers and, under certain conditions, the clients' family members are reimbursed for their rehabilitation-related expenses. Clients are also eligible for reimbursement for necessary and reasonable travel expenses.

Statistics

Since the beginning of 2005, reimbursements for rehabilitation travel expenses are no longer included in the rehabilitation statistics but rather in the statistics on travel expenses reimbursed under the National Health Insurance (NHI) scheme. This reflects the fact that the reimbursement of rehabilitation travel expenses was transferred over to the NHI scheme.

5.2 Rehabilitation allowance

The rehabilitation allowance consists of the *rehabilitation allowance*, the *rehabilitation allowance for young persons*, a *maintenance allowance* and *rehabilitation assistance* paid in the post-rehabilitation period.

Available to residents of Finland between 16 and 67 years of age, the rehabilitation allowance is payable for periods in which participation in rehabilitation prevents the recipient from working. It may also be paid to persons coming to work in Finland for at least four months.

Persons between 16 and 19 years of age whose work capacity and ability to earn a living has deteriorated significantly because of disability or illness can be paid rehabilitation allowance for young persons. Its purpose is to support the vocational rehabilitation of young people, improve their employment prospects and provide economic security.

Rehabilitation allowance can be paid to the rehabilitation client's employer if the client is paid a salary during participation in rehabilitation.

Following the completion of a waiting period, the rehabilitation allowance is paid for each working day on which the recipient is in rehabilitation. The waiting period typically consists of the first day of rehabilitation.

The rehabilitation allowance is equal in amount to the sickness allowance. Its minimum rate in 2018 was €24.64 per working day.

A means-tested maintenance allowance of €9 per day was available to clients whose rehabilitation allowance does not exceed the minimum rate. After Kela has stopped paying them rehabilitation allowance, recipients may be eligible for a rehabilitation assistance. The decision on eligibility and amount is based on an individual assessment.

6 Unemployment benefits

Economic security during unemployment is provided by means of the *unemployment allowance* and the *labour market subsidy*. The unemployment allowance is paid either by Kela in the form of a *basic allowance* or by unemployment funds as an *earnings-related allowance*. The *commuting and relocation allowance* and the *job alternation compensation* are also part of the unemployment benefits system.

Unemployment benefits can be paid to persons living in Finland and to citizens of other EU or EEA countries who are working in Finland. Recipients of unemployment allowance may seek work in another EU or EEA country for up to three months while retaining their right to the Finnish unemployment allowance. The labour market subsidy is payable to persons living in Finland only.

6.1 Basic unemployment allowance

Eligibility. Eligibility extends to persons between 16 and 64 years of age who have registered with the Employment and Economic Development Office, who are seeking full-time work, and who meet a *work requirement*. For wage and salary earners, the work requirement is fulfilled if they have completed at least 26 calendar weeks of employment during the previous 28 months, with at least 18 hours per week and pay in accordance with the applicable collective agreement. Self-employed persons are expected to have completed at least 15 months of substantial self-employment during the four years preceding unemployment. Persons between 18 and 24 years of age who have not completed vocational training are eligible for the basic unemployment allowance only if they apply for suitable vocational training.

The maximum length of time on unemployment allowance varies according to the recipient's work history and age. It can be 300, 400 or 500 days. Elderly unemployed persons are eligible for an extended payment that continues beyond the maximum limit.

The basic unemployment allowance is available after completing a waiting period of five days. Turning down an offer of work, training or employment promotion measure may result in the denial of the basic unemployment allowance. The Employment and Economic Development Office may also impose an obligation of employment,

denying basic unemployment allowance for the time being. The obligation may be imposed if a jobseeker repeatedly and without cause acts in a way which is at odds with the goals of labour market policy.

Amount. The basic unemployment allowance is adjusted annually to changes in the National Pensions Index. A *child increase* is provided for dependent children under 18 years of age. The basic unemployment allowance is paid for five days per week. It is taxable income. The basic unemployment allowance is payable not only during unemployment but also during participation in employment promotion measures. They include labour market training, self-motivated study and work experience placements. During participation in such services, the basic unemployment allowance may be increased by compensations for expenses and, for up to 200 days, by an additional amount. Compensations for expenses are not available for self-motivated study.

An *adjusted basic unemployment allowance* can be paid for example to jobseekers who are employed on a part-time basis. Certain other benefits may also be deducted from the basic unemployment allowance.

6.2 Labour market subsidy

Eligibility. The labour market subsidy is payable to unemployed persons who do not meet the work requirement or who have been paid basic or earnings-related unemployment allowance for the maximum length of time. Eligibility extends to persons between 17 and 64 years who have registered with the Employment and Economic Development Office as seeking full-time employment and who are fit and available for work. The eligibility of young persons who have not completed vocational training is restricted.

Like the basic unemployment allowance, the labour market subsidy is payable after completion of a specified *waiting period*. It is not necessary to complete the waiting period if there is no gap between reaching the maximum limit for the unemployment allowance and the right to the labour market subsidy. The duration of payment is not limited for the labour market subsidy.

Unemployed persons without vocational qualifications must complete a 21-week qualifying period to be eligible for labour market subsidy. However, prior employment, receipt of an unemployment benefit or participation in an employment promotion measure may reduce or eliminate the qualifying period requirement.

Turning down an offer of work or employment promotion measure, or resigning from it, may result in a temporary loss of eligibility for the labour market subsidy. The Employment and Economic Development Office may stop the labour market subsidy indefinitely by imposing an obligation of employment. The conditions under which it may do so are the same which apply to the basic unemployment allowance.

Amount. The full labour market subsidy is equal in amount to the basic unemployment allowance. It is taxable income. An *adjusted* labour market subsidy may also be paid under the same conditions as the adjusted basic unemployment allowance. The labour market subsidy can, similarly to the basic unemployment allowance, be paid during participation in employment promotion measures.

As a general rule, payment of the labour market subsidy is conditional on a means test. The unemployed person's own income may reduce the amount of the labour market subsidy. If the unemployed person lives with his or her parents, parental income, too, may reduce the amount of subsidy payable. Some types of income are exempted from the means test. They include the child benefit, the housing allowance and social assistance or income support. No means test is applied during participation in employment promotion measures.

Commuting and relocation allowance

Eligibility. A *commuting and relocation allowance* can be paid to persons eligible for unemployment benefits who accept an offer of employment which lasts at least two months and during which the average daily commute is longer than three hours (or two hours if part-time employment). The allowance is available also if a person moves a comparable distance for employment.

Amount and duration. The commuting and relocation allowance can be paid for 30, 45 or 60 days depending on the length of the employment and for up to five days a week. It is equal in amount to the basic unemployment allowance and is taxable income.

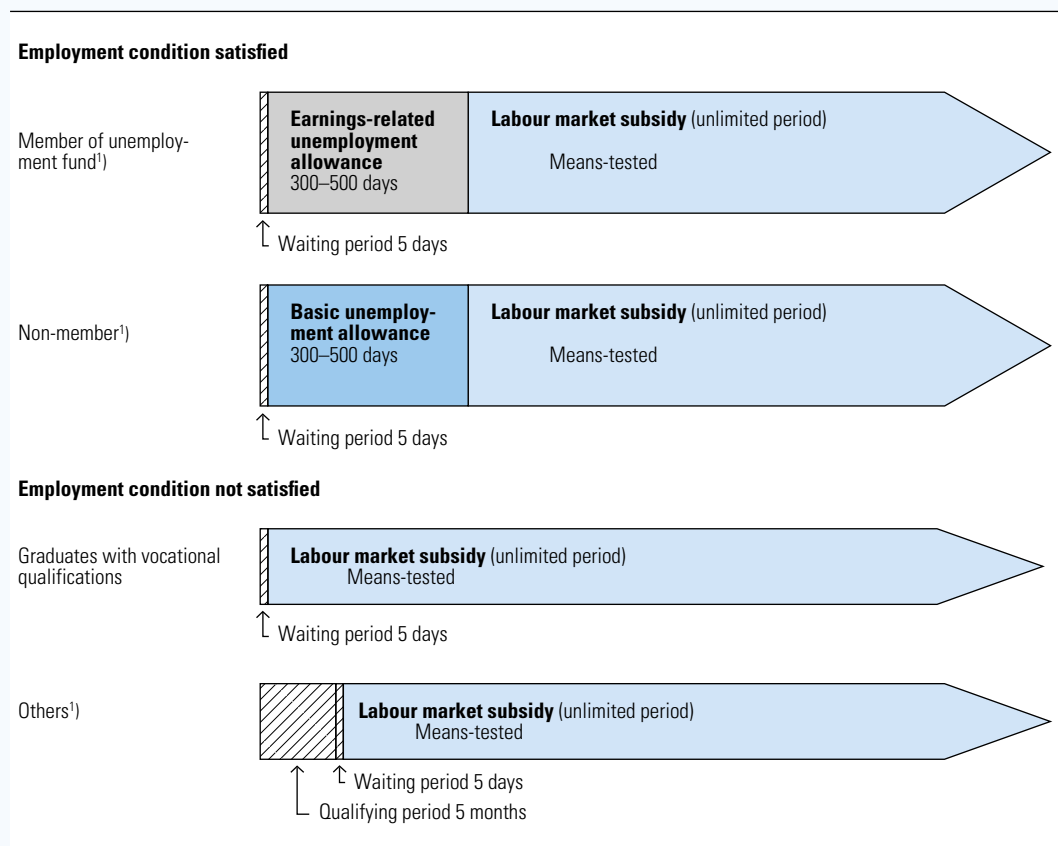
Job alternation compensation

The *job alternation leave* is an arrangement between the employee and the employer whereby the employee takes a sabbatical for a specified period and the employer fills the vacated position with an unemployed

jobseeker. The person taking a sabbatical is entitled to a *job alternation compensation* paid either by the unemployment fund or by Kela. The person must have an employment history of at least 20 years.

Amount of the job alternation compensation and duration of payment. The job alternation leave can last between 100 and 180 calendar days. The compensation is equal to 70% of the unemployment allowance to which the person would be entitled were he or she unemployed. There are no increases for child dependants. The job alternation compensation is taxable income.

Table B: Entitlement to unemployment allowance and labour market subsidy, at year-end 2018



Days = Working days, 5 per week.

¹⁾ Special conditions apply to persons aged between 17 and 24.

7 Benefits for families with children

The benefits available to families with children are: *maternity grant*, *adoption grant*, *child benefit*, *child care allowances* and *child maintenance allowance*, which are discussed in this chapter, as well as *maternity*, *paternity* and *parental allowances* (chapter 4), *special care allowance* (chapter 4), *disability allowance for persons under 16 years of age* (chapter 3), *orphan's pension* (chapter 2), and *child increases* supplementing pensions and unemployment benefits (chapters 2 and 6 respectively).

7.1 Maternity grant and child benefit

Maternity grant can be awarded under the Maternity Grants Act to women who live in Finland. Child benefit is paid for children who live in Finland. Whether one is considered to be living in Finland is determined on the basis of the Act on Residence-Based Social Security in Cross-Border Situations. Residence-based benefits are subject to certain exceptions based on the EU regulation on social security and various bilateral agreements on social security.

Maternity grant. The maternity grant is available to expecting mothers whose pregnancy has lasted at least 154 days and who have undergone a medical checkup by the end of the fourth month of pregnancy. Mothers adopting a child under 18 years of age are eligible as well.

Mothers may choose between a cash grant of €170 and a *maternity package* containing child care items. The maternity grant is increased if more than one child at a time is born or adopted into a family. In such cases, the maternity grant can consist of maternity packages, cash grants or combinations thereof.

If a child is adopted from abroad in compliance with the procedure set out under Finnish legislation, there is an entitlement to an adoption grant (a one-time payment). The country from which the child is adopted affects the amount of the grant. In 2018, the following rates of adoption grant applied to various countries:

Estonia	€1,900
South Africa, China, Kenya and Colombia	€4,500
The Philippines, Ethiopia and Russia	€3,800
Other countries	€3,000

If parents adopt more than one child at a time, an additional award of 30% of the full adoption grant is made for each additional child.

The maternity grant and the adoption grant are free from tax.

Child benefit. The purpose of the child benefit is to support the care of children under 17 years of age who are living in Finland. The rate of the benefit depends on the number of children under 17 in the family. Rates of the child benefit as of 2018:

	€/month
for 1st child	94.88
for 2nd child	104.84
for 3rd child	133.79
for 4th child	153.24
for 5th and all subsequent child	172.69

A higher rate of child benefit is paid for each eligible child in a family with only one provider. As of the end of 2018, the amount of the *single-parent supplement* was €53.30 per child. Single-parent families are ones in which the parents are not married, cohabiting or in a registered partnership, or are legally separated. If parents have joint custody of a child, the supplement is paid to the parent with whom the child lives.

The child benefit is free from tax and payable to the parent, legal guardian or other person in whose care and custody a child primarily is.

It can be paid as soon as payment of the maternity, paternity or parental allowance has ended. Payment of the child home care allowance is stopped for all children in the family no later than when the youngest child reaches the age of 3 years.

The child home care allowance consists of a *basic amount*, an *additional amount* and possibly a *municipal supplement* depending on the municipality. While the basic amount is payable for each eligible child, the additional amount is paid for one child only and is affected by family size and income (Table C).

Private day care allowance. The private day care allowance is paid to support the provision of day care for a child under school age. It is paid to the day care provider designated by the parents. The amount of the allowance depends on the extent of early childhood education to which the child is entitled (up to 20 hours or more than 20 hours). It is payable for each child in the family starting from the end of maternity, paternity or parental allowance and ending when the child reaches preschool age. After that, the allowance is paid only for children entitled to more than 20 hours of early childhood education per week.

The private day care allowance is paid to the day care provider, which may be either an individual or organisation providing day care services or a private person who does not live in the same household as the child and who has a contract of employment with the child's guardian.

The private day care allowance can consist of a *basic amount* and an *additional amount*, both payable for each child under school age (Table C). The amount of the additional amount is affected by family size and income. For children who have a right to a maximum of 20 hours of early childhood education per week, the allowance is paid at half the normal rate. The private day care allowance may not exceed the child care fee or the caregiver's compensation.

Flexible care allowance. Flexible care allowance can be paid to the parent or other guardian of a child under 3 provided that he or she works on average no more than 30 hours a week (Table C). It can be paid to both of the child's guardians at the same time if they look after the child at different times. It can also be paid to non-custodial parents. Flexible care allowance is payable for one child at a time only. It is taxable income.

Partial care allowance. The partial care allowance is payable to the parent or guardian of a child who has recently started school (Table C). The recipient must be working an average of no more than 30 hours per week because of child care responsibilities. This allowance, too, can be paid to both guardians at the same time if they look after the child at different times. It can also be paid to non-custodial parents. Partial care allowance is payable for one child at a time only. It is taxable income.

7.3 Child maintenance allowance

Under the Act on Child Maintenance Allowance, the maintenance of children under 18 years of age who are living in Finland is secured through a *child maintenance allowance*, which is paid if the parent liable for child support is not making child support payments. If the liable parent neglects to pay child support mandated by the social welfare authorities or a court of law, Kela will collect the neglected payments from the parent.

Whether the child is considered to be living in Finland is determined according to the Act on Residence-Based Social Security in Cross-Border Situations. Residence-based benefits are subject to certain exceptions based on the EU regulation on social security and various bilateral agreements on social security.

Child maintenance allowance is available if

- the parent liable for child support has not paid mandated child support
- child support has been set at an amount lower than the full child maintenance allowance or no child support has been mandated owing to the liable parent's financial circumstances
- the child has been adopted by a single parent
- the paternity of a child born out of wedlock has not been confirmed.

As of 2018, the full amount of the child maintenance allowance was €156.39 per month. Child maintenance allowance is paid at a reduced rate if child support has been set at an amount lower than the full child maintenance allowance due to the liable parent's limited ability to pay. In that case Kela will pay the difference between child support and child maintenance allowance, while the liable parent will pay child support.

8 Assistance with housing costs

Kela offers assistance with housing costs in the form of the *general housing allowance*, the *housing allowance for pensioners*, the *housing supplement for students* (see chapter 9), and the *housing assistance for conscripts* (see chapter 11).

8.1 General housing allowance

Eligibility. The purpose of the housing allowance is to help low-income residents with their housing costs and to guarantee a reasonable level of quality in housing. It is granted to households, which means the persons sharing a home. General housing allowance is not payable to households in which someone receives housing allowance for pensioners. The majority of students who rent their accommodation are covered by the general housing allowance scheme.

General housing allowance is payable to persons living in rental, right-of-occupancy, part-ownership or owner-occupied housing. The home must be suitable for permanent habitation and located in Finland.

The need for the housing allowance is assessed on the basis of the household members' housing costs and income.

Amount. The housing allowance covers 80% of reasonable housing costs exceeding a basic deductible. The basic deductible is determined on the basis of household income and the number of adults and children in the household.

The amount of the housing allowance is reviewed at least once a year. A non-scheduled review is carried out in situations such as when the household's monthly income or housing costs change significantly or when the number of persons or composition of the household changes.

Housing costs. The housing costs covered by the housing allowance may consist of such expenses as the rent, maintenance fee, and separately billed heating and water costs. There are statutory maximum limits on households' housing costs. Any housing costs exceeding these limits are not recognised as housing costs. Maximum housing costs in rental housing are adjusted yearly to a cost-of-living index. The maximum amounts of water and heating charges and of maintenance costs for single-family homes are revised annually in accordance with the National Pensions Index.

Any costs exceeding the maximum amount must be borne by the household.

Effect of income. For the household to qualify for housing allowance, the regular gross income per month of the household members may not exceed a limit calculated on the basis of the basic deductible and the recognised housing costs. Certain social security and welfare benefits are not counted as income.

8.2 Housing allowance for pensioners

Eligibility. Housing allowance for pensioners is payable to persons who receive retirement benefits, including the following:

- old-age, disability or surviving spouse's pension from Kela or an authorised pension provider
- guarantee pension from Kela
- pension or surviving spouse's pension based on full disability and paid on the basis of employment accident or motor vehicle insurance
- pension or surviving spouse's pension based on full disability and paid on the basis of the Act on Compensation for Military Accidents and Service-Related Illnesses, the Act on Compensation for Injuries Sustained and Service-Related Illnesses Acquired in the Performance of Crisis Management Duties, or the Military Injuries Act
- a comparable benefit from abroad.

Amount. The amount of the housing allowance depends on housing costs, family circumstances and the income and assets of the recipient and his or her spouse.

Housing costs. Eighty-five percent of acceptable housing costs exceeding a deductible are covered. There is a maximum limit to the housing costs which may be taken into account. This limit is set yearly by the Government. The limit can be set at one of three levels depending on the municipality in which the home is located.

Counted among housing costs are such expenses as rent and maintenance charge, the share of housing service unit fees allocated to housing, and the costs of maintenance and upkeep of a single-family home.

Effect of income and assets. The amount of the housing allowance for pensioners is affected by nearly all income earned by the recipient or his or her spouse, including earnings-related pensions, wages, unemployment allowances and investment income. Certain social security and welfare benefits are not counted as income. Part of the value of assets exceeding a specified amount counts as annual income. The home owned and occupied by the allowance recipient is exempt from this consideration.

9 Benefits for students

Financial aid benefits are provided for post-comprehensive school study. They comprise the *study grant*, the *housing supplement* and the *government guarantee for student loans*. Other benefits provided under the Act on Student Financial Aid are *interest assistance*, the *meal subsidy*, the *student loan compensation* and the *student loan tax deduction*.

The school transport subsidy defrays some of the cost of daily travel to and from school for those attending an upper secondary school or in basic vocational education.

Employed adults who begin a course of study can get an *adult education allowance*.

9.1 Financial aid for students

Eligibility. Financial aid is available for persons who have been accepted to a school, are studying full time and making academic progress, and are in need of financial assistance. It can be granted for post-comprehensive school studies lasting at least two months without interruption.

Financial aid is available to citizens of Finland who are studying in Finland. Persons studying abroad are eligible for financial aid if it is available for the corresponding course of study in Finland or the course of study is part of a programme being completed in Finland. In certain situations, financial aid can be granted to foreign nationals studying in Finland or abroad.

Duration. Financial aid is usually paid for nine or ten months in a single academic year. It is also available for full-time study during the summer. There is a specified maximum limit on eligibility, which depends on the type of studies.

Study grant

The amount of the study grant depends on the student's age, housing situation and marital status. Students under 17 years of age are not entitled to the study grant because their provider is paid child benefit for them.

Basic amount of the study grant in academic year 2018/2019:

	Amount of study grant, € per month
Living with parent	
under age 20	38.66
age 20 or over	81.39
Living independently	
under age 18	101.74
age 18 or over	250.28
Married	250.28
Provider of a minor child	325.28

Starting 1 August 2019, students who are in vocational education or attending an upper secondary school can get a supplementary allowance for the purchase of study materials totalling €46.80 per month.

Effect of the student's own income. The student's own income is considered as income for means test purposes throughout the calendar year. For each month in which a student is paid study grant or housing supplement, the exempt amount is on average €667, and for each aid-free month €1,990.

Students must ensure that any income they earn during the year does not exceed the limit. Students can take the following steps to deal with the annual income limit:

- not apply for aid for all months of study
- cancel aid awarded for specific months
- return aid voluntarily.

Financial aid awards are subject to review annually once taxes have been finalised. If the annual income limit is exceeded students will have to pay back financial aid. Aid awarded in excess or without the recipient's being entitled to it will be reclaimed, but the aid months used will not be restored to higher education students.

Effect of parental income. Parental income affects the amount of the study grant for upper secondary-level students who are under 20 years of age and live with a parent. The amount of the study grant may be reduced because of the combined annual income of the parents. No study grant is payable if parental income exceeds a certain limit. Until 31 December 2018, parental income had an effect also on amount of study grant available to independently living students under 18 years of age. Conversely, if the parents' income level is low the study grant can be awarded at a higher rate provided the student lives with a parent or is under 18 years of age and lives independently.

The study grant is taxable income. By taking advantage of the study grant tax deduction students need not pay any tax on the study grant if they have no other taxable income during the year.

Housing supplement

The majority of students who rent their accommodation are covered by the general housing allowance scheme. Certain groups of students remain eligible for the student housing supplement. For example, most students who study abroad and rent their accommodation can get a housing supplement of €210 per month.

The amount of the housing supplement is affected by the student's own income and, in certain cases, their parents' income. The housing supplement is not subject to tax.

Government guarantee for student loans

Students who are paid study grant or adult education subsidy are eligible for a government student loan guarantee.

Government student loan guarantee: Amount per month of aid in academic year 2018/2019:

	€ per month
Higher education students	650
Other students	
under age 18	300
age 18 or over	650
Students studying abroad	800

The government guarantee is granted for up to one academic year at a time. It is not granted to students whose previous guaranteed loans Kela has had to pay back. While the loan is guaranteed by the government, the loan application must be made to a bank. The rate of interest and other terms of the loan, except for those set out in the loan guarantee decision, are agreed between the bank and the student. The interest payable on a student loan is capitalised.

9.2 Other benefits payable under the Act on Student Financial Aid

Interest assistance

Students on a low income can apply for interest assistance to help with the management of their student loan. For interest assistance recipients, all of the interest is paid by Kela with no obligation for repayment.

Student loan compensation and tax deduction

If a student completes a higher education degree within the target time, Kela can pay a portion of the student loan. This can be up to a third of the principal balance of the student loan. The student loan compensation only applies to students in higher education who have started their first higher education studies on 1 August 2014 or later.

The student loan tax deduction is available for students who began their first course of higher-education study before 1 August 2014 and who complete a higher-education degree for which they enrolled in academic year 2005/2006 or later within the target time.

Meal subsidy

Higher education students get a discounted meal at cafeterias participating in the meal subsidy programme. Kela pays the subsidy to the cafeteria operator, who discounts it from the price of the meal. The cafeterias operate within maximum prices set by the Council of State. The amount of the meal subsidy has stood at €1.94 per meal for the last several years.

Loan guarantees for mature students

Adults who leave work in order to study are eligible for an *adult education allowance* in respect of degree-oriented study and during further vocational education and education aimed at the updating of vocational skills. A student loan guarantee is also available from the government. The adult education allowance is granted by the Education and Redundancy Payments Fund and the *government student loan guarantee* by Kela.

Students who are granted the adult education allowance for a continuous period of at least two months are entitled to a student loan guarantee from the government. The loan guarantee is equal to €650 per month (for studies in Finland) or €800 per month (for studies abroad).

9.3 School transport subsidy

The *school transport subsidy* defrays some of the cost of daily travel to and from school for those attending an upper secondary school or in basic vocational education. Recipients must live and study in Finland.

The one-way trip to school must be at least 10 kilometres one way and travel costs must exceed €54 per month. The school transport subsidy covers the difference between the travel costs and the student's out-of-pocket share. The out-of-pocket share is as a rule €43 per month.

School transport subsidy can be granted for one academic year at a time and is paid for up to 12 months in each academic year. It is only payable for months of active study. The school transport subsidy is not subject to tax.

10 Basic social assistance

Social assistance, or income support, is a last-resort form of financial assistance for individuals and families which covers some of the basic necessities of life. It is intended to provide short-term financial relief.

Social assistance is available in Finland from Kela and from the municipal authorities. *Basic social assistance* is paid by Kela, while the municipal authorities are responsible for *preventive and supplementary social assistance*. Kela can provide advice and guidance to applicants for basic social assistance in contacting the municipal social services.

Eligibility. Basic social assistance is available to individuals and families living or residing in Finland who are unable to make a living by any other means, and whose income and assets do not cover their necessary daily expenses.

Expenses covered by basic social assistance. Basic social assistance can be granted towards specific expenses designated as covered by the basic amount and other basic expenses. The basic amount covers such expenses as food and clothing, basic healthcare, personal hygiene and hobbies. Other basic expenses can consist of housing expenses, healthcare expenses not covered by the basic amount, and child day care costs.

The basic amount is adjusted annually to changes in the National Pensions Index. In 2018, the basic amount of social assistance for persons living alone was €491.21 per month.

Types of income that affect basic social assistance. The amount of basic social assistance is affected by nearly all income and assets available to the recipient household. Income is taken into account on an after-tax basis. As a general rule, assets must be liquidated (converted into cash). However, the principal dwelling or necessary household effects used by the applicant or his/her family are not counted as assets.

11 Other benefits

11.1 Conscript's allowance

The purpose of the *conscript's allowance* is to provide economic security for male conscripts, female volunteers and family members during national military or alternative civilian service. It is a condition of eligibility that the recipient's ability to earn a living is limited by the performance of the service and that the recipient is in need of assistance. The conscript's allowance is a tax-free benefit.

Eligible family members include the recipient's spouse or registered partner, a domestic partner with whom the recipient has a child, and children placed in the care and custody of the person performing conscript or other service.

Persons performing conscript or other service are themselves eligible for compensation for personal housing expenses and for payments of interest due during the service period. Family members may be paid a basic allowance, a housing allowance, a special allowance and a maintenance allowance.

The full amount of the basic allowance for recipients who are living alone is equal to the full national pension. The amount of the basic allowance depends on the number of family members and the net income of the person performing conscript or other service and his/her family members.

The housing allowance covers the actual housing costs. However, in the case of rental housing, costs are only covered up to an amount linked to local rent levels. The special allowance is awarded for necessary and reasonable one-time expenses. Maintenance assistance is payable to a child entitled to child support, if a conscript is unable to pay child support during the period of service.

11.2 Pension assistance

Pension assistance provides economic security for elderly long-term unemployed persons. It can be paid to long-term unemployed persons living in Finland who were born before 1 September 1956. Entitlement to the assistance ends at the latest when the recipient reaches the age of 65 years. The pension assistance is equal in amount to the guarantee pension and is adjusted annually to changes in the National Pensions Index. No tax is levied on pension assistance payments to unemployed persons for whom it is the sole source of income.

12 Finance and administration

12.1 Financing

The social security schemes administered by Kela are financed on a pay-as-you-go basis, which means that the expenditure for a given year is financed with the revenues collected in that same year. For benefit financing purposes, Kela operates a National Pensions Fund, a Health Insurance Fund and a General Fund for Social Security, the last of which is used to finance the benefits which are not part of the pension or health insurance schemes.

Total expenditure by Kela amounted to €15,389 million in 2018. Benefit expenditure accounted for 96.6% and operating costs for 3.4% of that. Seventy-seven percent of the benefit fund expenditure was contributed by the state, while 16% was derived from statutory contributions paid in by insured persons and employers and 5% from payments by municipalities.

National pension insurance. National pension insurance expenditure is financed by the state. Maintaining liquidity across the year requires the National Pensions Fund to be at or above a level equal to 3.5% of the annual total of administrative costs and expenditure on national pensions.

Health insurance. The financing of health insurance is divided between earned income insurance and medical care insurance.

Earned income insurance includes sickness allowances, maternity, paternity and parental allowances, and rehabilitation allowances, as well as the compensations paid to employers for occupational health service and annual leave costs for employees receiving maternity, paternity or parental allowance. The main sources of financing for earned income insurance are salary earners, self-employed persons (contribution to health insurance, accounting for about 57% of total financing in 2018), and employers (contribution towards health insurance daily allowances, accounting for about 34% of the financing in 2018). Allowances paid at the minimum rate are financed entirely by the state. The state also funds 3.4% of the expenditure on other than minimum-rate allowances and a share of the occupational health services for self-employed persons.

Medical care insurance includes the reimbursements which Kela provides for pharmaceutical expenses, doctors' and dentists' fees, examination and treatment costs and travel expenses, the expenditure on rehabilitation with the exception of rehabilitation allowances, the compensations for medical care expenses provided under the employment accident insurance scheme for agricultural entrepreneurs (basic coverage), compensations to the Finnish Student Health Service, and EU reimbursements for medical care expenses.

Medical care insurance is usually financed by the insured and the state with shares of 55.1% and 44.9% respectively. However, their shares of the financing will vary in the period from 2017 to 2020. In 2018, the state funded 82% of medical care insurance, while the share of the insured was about 18%. A contribution to medical care insurance is levied from wage and salary earners, self-employed persons, and pension and benefit recipients. It is based on taxable earnings subject to local government tax. The EU reimbursements provided under medical care insurance are financed entirely by the state and by foreign institutions.

The current assets of the health insurance scheme must be between 8 and 12 percent of the total annual expenditure on health insurance.

Other benefits provided by Kela. The following benefits are financed entirely by the state: social assistance, child benefits, general housing allowances, benefits for students, maternity and adoption grants, conscript's allowances, rehabilitation-related travel costs for front veterans, and interpreting services for persons with disabilities. The state also finances most of the expenditure on unemployment benefits as well as child maintenance allowances (to the extent that it is not possible to recover allowances which have been paid from the persons liable for payment of child support).

Child care allowances are financed by municipalities, with the exceptions of allowances paid abroad, which are financed by the state. The municipalities also finance a share of the expenditure on labour market subsidies.

Pension liability fund. Kela maintains a pension liability fund for the purpose of covering staff pension liabilities and paying out pensions. Contributions to the fund are paid in both by Kela as an employer and by the staff members. In 2018, the minimum level of the pension liability fund was set at 40.0% of the full liability.

Service fund. Kela operates a service fund for the implementation and ongoing maintenance of the National Archive of Health Information (also known as the Kanta services). Such services include the Patient Data Repository, the Prescription service, the Pharmaceutical Database and the My Kanta service aimed at individual users. Kanta services are financed by the state and the client organisations and they are implemented as an entirely separate function from the rest of Kela's funds.

12.2 Organisation and benefit administration

Kela provides services to clients at physical customer service points as well as by phone, online, by mail, via video, and through direct reimbursements. At the end of 2018, Kela had a total of 161 customer service points of its own. Another 138 service points were operated jointly with other government organisations. Customer service by phone is provided by a dedicated call centre.

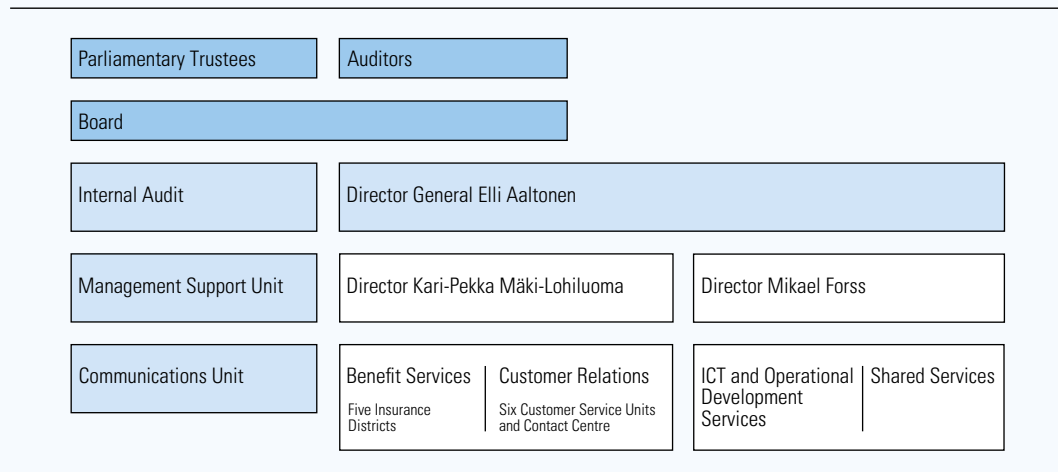
Kela's organisation at the end of 2018 is presented in Table D.

Customer contacts. Statistics are compiled on the number of customer contacts made by phone, by mail, online or by visit to a local office as well as on the number of direct reimbursements paid out to customers. In the case of visits to a local office, contacts by phone and remote customer service, statistics are compiled on the reason for the customer contact. Applications submitted online account for the majority of applications for benefit.

Benefit administration. Clients can choose the method and channel of service that best suits their circumstances. Decisions concerning individual clients' social security entitlements are made at the local level by insurance districts.

Matters related to health insurance are handled not only by Kela offices but also by workplace sickness funds (in respect of their insured members).

Table D: Organisational structure of Kela as at 31 December 2018



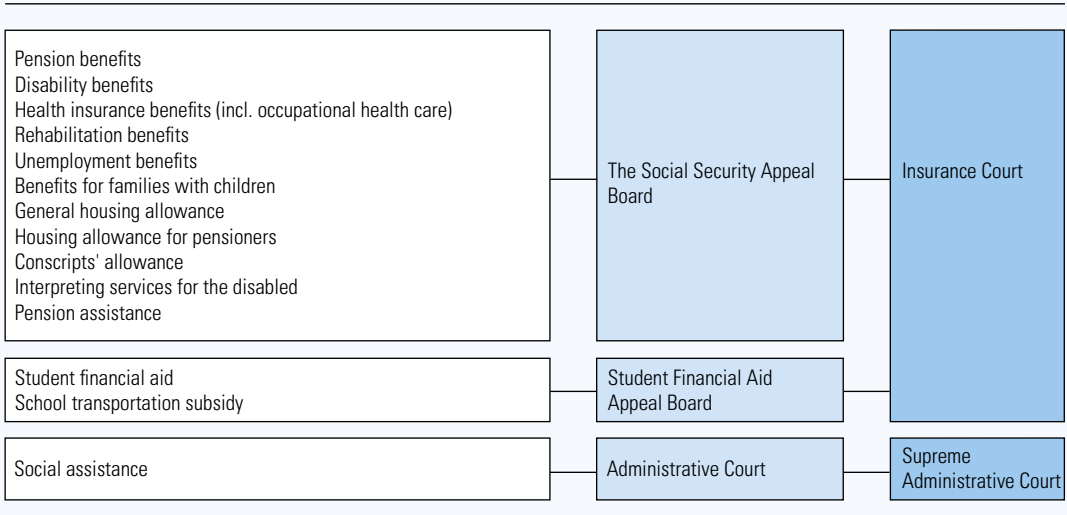
Appeal process. Clients can appeal against decisions issued by Kela. Kela can also rectify erroneous decisions on its own initiative.

All appeals concerning benefits, with the exception of basic social assistance, are reviewed by dedicated appeal boards, of which there were two in 2018: the Social Security Appeal Board and the Student Financial Aid Appeal Board. The Appeal Boards are independent of Kela. Clients have a further right of appeal to the Insurance Court, which is the highest court of appeal.

Kela’s Appeals Management Centre processes rectification requests concerning decisions on basic social assistance. The Appeals Management Centre is separate from the rest of the organisation responsible for reviewing applications for benefit. Its decisions may be appealed to the Administrative Court of Appeal. Further appeal to the Supreme Administrative Court is possible provided that leave to appeal is given.

The avenues of appeal relevant to Kela benefits at the end of 2018 are presented in Table E.

Table E: Review and appeals system for benefit schemes administered by Kela, at year-end 2018



13 Analyses by region, type of disease and occupation

Regional analyses

In the present publication, the statistical analyses by region are based on the beneficiary's place of residence, except in the case of the regional statistics on the general housing allowance, which are based on the location of the home.

Analyses by type of disease

National Pension Insurance, National Health Insurance, disability benefits, and rehabilitation data are analysed also by type of disease.

The disease codes are from the tenth revision of the *International Classification of Diseases* (ICD-10).

The data are, as a rule, analysed by major diagnostic category:

A00–B99	Certain infectious and parasitic diseases
C00–D48	Neoplasms
D50–D89	Diseases of the blood and blood-forming organs and certain disorders involving the immune mechanism
E00–E90	Endocrine, nutritional and metabolic diseases
F00–F99	Mental and behavioural disorders
G00–G99	Diseases of the nervous system
H00–H59	Diseases of the eye and adnexa
H60–H95	Diseases of the ear and mastoid process
I00–I99	Diseases of the circulatory system
J00–J99	Diseases of the respiratory system
K00–K93	Diseases of the digestive system
L00–L99	Diseases of the skin and subcutaneous system
M00–M99	Diseases of the musculoskeletal system and connective tissue
N00–N99	Diseases of the genitourinary system
O00–O99	Pregnancy, childbirth and the puerperium
P00–P96	Certain conditions originating in the perinatal period
Q00–Q99	Congenital malformations, deformations and chromosomal abnormalities
R00–R99	Symptoms, signs and abnormal clinical and laboratory findings, not elsewhere classified
S00–T98	Injury, poisoning and certain other consequences of external causes
V01–Y98	External causes of morbidity and mortality
Z00–ZZB	Factors influencing health status and contact with health services

For recipients of disability pension, the analysis by disease is based on the main diagnosis named in the pension application. Kela and the Finnish Centre for Pensions compile joint statistics on *all disability pension recipients* living in Finland and the diagnoses on which pension has been granted. Table 7 of the Yearbook shows all recipients of disability pensions according to diagnosis, while Table 9 shows the same information for new recipients of disability pension. Both tables are drawn from the joint statistics compiled by Kela and the Finnish Centre for Pensions.

Further data on diseases resulting in need of treatment or assistance are obtainable from *pensioners' care allowance* award records. Further, there are two additional benefits with restricted eligibility: the *child disability* and *disability allowances*. The disease category is determined on the basis of the main diagnosis or the diagnosis identifying an entitlement to pensioners' care allowance or dietary grant for coeliac patients.

In the statistical analyses concerning *sickness* and *special care allowances*, the disease category is determined on the basis of the main diagnosis. Based on sample data up to 2003, these analyses are now based on aggregate data.

Special (65% or 100%) *refunds of medicine expenses* are paid to patients who have a statement from their doctor attesting to their condition and need of medication.

The diseases conferring entitlement to medicines in the 65% refund category are:

(201) chronic cardiac insufficiency, (202) connective tissue diseases, rheumatoid arthritis and comparable diseases, (203) chronic asthma and similar obstructive pulmonary diseases, (205) chronic hypertension, (206) chronic coronary heart disease, (207) chronic arrhythmias, (208) ulcerative colitis and Crohn's disease, (211) familial hypercholesterolemia, other severe familial disorders of lipid metabolism, (212) gout, (214) severe, long-term narcolepsy and (215) diabetes, non-insulin-treated.

Of the diseases belonging to the 100% refund category, the most important ones are:

(101) hypopituitarism, (103) diabetes, insulin-treated, (104) thyroid insufficiency, (107) pernicious anaemia, (109) multiple sclerosis, (110) Parkinson's disease, (111) epilepsy and comparable convulsive disorders, (112) severe psychotic and other severe mental disorders, (113) behavioral disorders associated with mental handicap, (114) glaucoma, (115) breast cancer, (116) prostate cancer, (117) leukaemia and malignant lymphatic diseases, (121) severe hypofunction of reproductive glands, (123) chronic disorders of vitamin D metabolism, (127) post-transplant management, (128) gynaecologic cancers, (130) malignant tumour, (132) sarcoidosis, (133) severe chronic pancreatic insufficiency and (138) severe anaemia associated with chronic renal failure.

Pharmaceutical nutrients belong either to the basic or the 65% refund category.

In order to receive basic (40%) refunds for a group of medicines referred to as 'medicines with limited basic reimbursability', patients must have a statement from their doctor attesting to the need for such medication.

Medicines are categorised according to the Anatomic-Therapeutic-Chemical (ATC) classification system, in which medicines are divided into various groups according to the bodily organ or system on which they act and their chemical, pharmacological and therapeutic properties.

Analyses by occupation and position

Occupational data on disability pension recipients is available only for *new pensions* paid out by Kela. It should be noted that persons receiving a pension from Kela may not be entitled to other pensions or their income from other pensions may be small.

The analyses of *sickness allowance recipients* by occupation and position are from Kela standing NHI sample, which includes information about the beneficiary's occupation.

In the analyses of *basic unemployment allowance* and *labour market subsidy recipients* by occupation, manpower services records have been consulted.

The analyses by occupation of *recipients of rehabilitation services* provided by Kela are based on Kela records (all recipients over the age of 16 are required to give information about their occupation).

The codes used in this Yearbook stem from the *Nordisk yrkesklassificering* (the Nordic classification of occupations), slightly modified by Kela.

Occupation is classified according to a three-digit code, the first two digits indicating a person's occupation and the third his or her position.

Kela records the claimant's last occupation in employment (anybody who has worked for at least three hours a day four months a year has been put down as employed; anybody who has not worked for five years, as non-employed). The manpower services generally consult the job-seeker's employment or training record.