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Digitising social security

Necessary evil or overdue blessing?

Dear Readers,

Labour mobility within the European Union (EU) has increased encouragingly during recent years. Europe is growing together and this can be seen in the labour markets. Of the nearly 18 million people who moved within the EU in 2019, a good ten million were gainfully employed.

The EU implemented measures early on to ensure that working in another member state does not result in a loss of social security rights. This enables mobile workers in the EU to claim, under simplified conditions, health, pension insurance and unemployment benefits when they move to another member state. They are protected under European coordination law with regard to the social security laws.

Protection under social security law across European national borders requires extensive exchanges between the social security institutions in the relevant countries.

Accident, health and pension insurances have now amassed more than 60 years of experience in coordinating social security systems. Exchanging the necessary data, forms and invoices was originally paper based, but they will soon become solely electronic processes. These processes were recently accelerated by the COVID 19 pandemic. Nine participating countries were already fully connected into the process for electronically exchanging social security data within the EU by October 2021. Other countries are close to finalisation.

In the meantime, the European Commission (EC) has also developed other support initiatives for advancing digitisation for coordinating social security systems. A few years ago, there was a debate of introducing a European social security number; an interesting but complicated-to-implement idea for checking the social security status of mobile workers. Since then, a number of other concepts and technologies have been discussed, always with the aim of simplifying data exchanging between social security institutions as well as preventing social fraud. Last but not least, the objective is to make it easier for mobile EU citizens to access information from and communicate with the social security institutions.

In our current edition we are giving you an overview of how the digital tools used in the social security sector complement one another, build on one another and what challenges the social insurance institutions face in implementing them. It should be clear that constructive cooperation between all those participating as well as the early involvement and participation of all relevant partners will be the key to success here.

We wish you interesting reading!

Yours, Ilka Wölfle

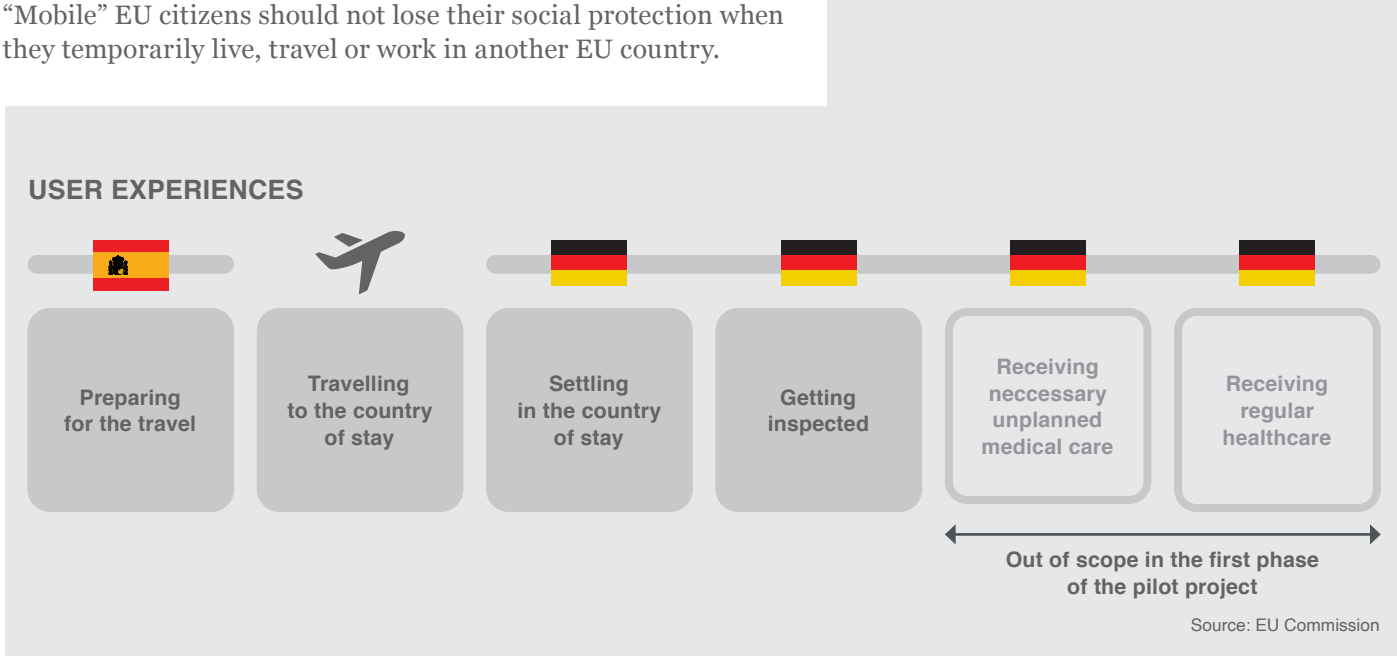
What takes a long time will finally ...?

Digital communications for coordinating social security systems

It became clear with the guarantee of free movement for workers under the Treaties of Rome that: the different social security systems and the differences in the benefit entitlements within the member states would present an obstacle to exercising the right of free movement for mobile workers. Social support appeared to be needed in order to ensure free movement of workers within the common European internal market.

This is why the decision was taken to coordinate the social security systems. This should ensure that "mobile" EU citizens do not lose their social protection when they temporarily live, travel or work in another EU country. They can take their pension entitlements with them when they leave their host country and if they stay in the host country, they can also claim benefits in the event of illness or an accident at work (non-cash benefits).

"Mobile" EU citizens should not lose their social protection when they temporarily live, travel or work in another EU country.



The exchanging of information between the social security institutions as well as EU citizens having to provide proof of their social security protection was originally paper-based and this is often still the case today. However, as digitisation is advancing, there are now requirements for introducing electronic data exchanging. EU regulations covering social security coordination require member states to use digital technologies and provide user-friendly services. Article 78 of Regulation (EC) No 883/2004 on the coordination of social security systems provides that member states are to use new technologies to access, exchange and process the data needed to apply this regulation and its implementing regulation. In general, the EU wants to ensure better information provision and improved services in the public sector, including social security, through new rules covering digitisation within public administrations. Through its "digital compass", the EC has formulated targets for a successful digital transformation within Europe by 2030, which also envisages that all important public services, including electronic patient files, should be available online and 80 per cent of EU citizens should use a digital identity.

However, it is often difficult and time-consuming to find solutions that are compatible with the technologies that are already being used in the member states as well as the processes and procedures behind them. Projects are often a race against time, as technological advances can quickly make a solution that previously sounded promising appear obsolete.

Work is underway at European level on various digitisation projects in the social security sector and this includes all of the parties involved and these projects should be paperless. How the specific components fit together and what the relevant implementation status now is, is explained below.

1. Communications between social security institutions

Through EESSI (European Exchange of Social Security Information), the EC wants to digitise and simplify data exchanging between social security institutions in the EU and the EFTA states (Iceland, Liechtenstein, Norway, and Switzerland) and the United Kingdom.

EESSI should enable faster, paperless, and more efficient data exchanging between different social security institutions and with national authorities, e.g. the data needed to issue a PDA1 certificate. Individual cases and inquiries from insured people will be processed more quickly and the duration, i.e., calculating and paying the benefits, will be shortened. Standardised electronic procedures will help to ensure that the social security coordination regulations are applied correctly. Special precautions will ensure that the exchanged data is both correct and complete.

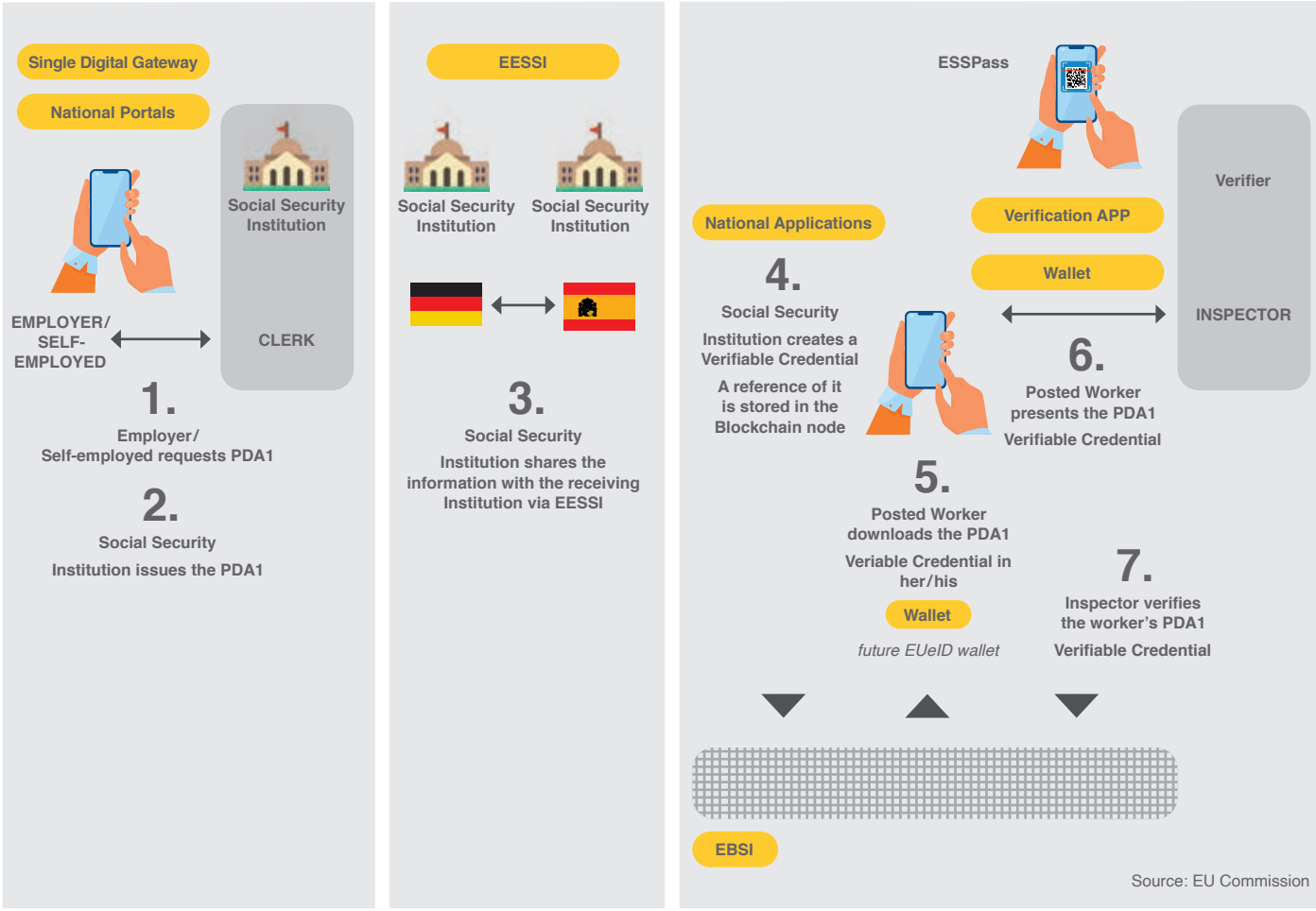
Every beginning is difficult …

The "history" of EESSI goes back a long way. It is one of the most comprehensive and exacting projects regarding the digitisation of social security systems. Whereas the transition from a paper-based to an electronic data exchanging system was originally – and very optimistically – planned for a period up to April 30, 2012, this was "flexibly" extended by resolution E4 from the Administrative Commission for the Coordination of Social Security Systems.[1] The transition should take place within two years from the day the central EESSI system was developed, tested and made available for use so that the participating countries could start integrating themselves into the central system. This deadline ended on July 2, 2019 and ultimately it could not be met.

According to the EC, as of October 2021, most participating countries – a total of around 3,000 social security organisations – are at least partially connected to EESSI and able to exchange data. Only nine member states, including Bulgaria, Cyprus, Estonia, Croatia, Ireland,

[1] Decision No E4 from the Administrative Commission for the Coordination of Social Security Systems of 13 March 2014 concerning the transitional period as defined in Article 95 of Regulation (EC) No 987/2009 of the European Parliament and of the Council.

Digitalising the coordination of social security systems: how it all comes together



Latvia, Malta, Slovenia as well as and despite leaving the EU, the United Kingdom, are fully connected and use EESSI for all of their applications. Full inter-connectability by all participating countries is expected by mid-2023.

.... and there will still be stumbling blocks even then

In order to process data accordingly during electronic exchanging and to communicate with one another, the EC initially made their key software RINA available to the social security institutions. Thanks to RINA (Reference Implementation for a National Application), the responsible social security authorities in the European Economic Area countries, the United Kingdom and Switzerland have been given a temporary instrument by the EC that will gradually introduce electronic communications with one another. RINA is used by the majority of participating institutions and is one of the central components of EESSI, which is currently still being supported by the EC.

Last year, the EC decided to stop supporting and maintaining RINA itself and announced that this task would be handed over to its member states by the end of 2021[2].

[2] It has now agreed to provide limited support for a few months beyond December 31, 2021, in the event of blockages or critical incidents that might affect the entire EESSI system.

Since then, the social security institutions in Europe have been trying to find solutions in order to be able to continue communicating smoothly. Some – including the social security institutions in Germany – have developed their own software to replace RINA, either partially or completely. Others are participating in a joint public procurement to find a new provider for RINA.

An “early” handover could cause problems especially for small social security organisations. This is all the more relevant as a joint European procurement procedure for further technical support that involves the participating countries that use the RINA software would probably not be completed before the end of 2022.

The advantages outweigh the effort

Even if the effort made by the social security institutions was and, in some cases, still is huge, the benefits of electronic data exchanging outweigh the disadvantages in a digitised world with mobile EU citizens. This will contribute to optimised case processing, relieve the burden on social insurance institution staff and increase the data quality. Transfer errors will be avoided, and the security precautions implemented regarding the exchanged data will help to combat errors. Standardised electronic documents translated into the relevant languages will also simplify multilingual communications. EU citizens will also benefit from less time-consuming and error-prone electronic data exchanges.

2. Communications between social security institutions and the citizens

Whereas EESSI is intended to contribute to the digitisation of cross-border communications between social security institutions, the following digital technologies apply to the relationship between EU citizens and social security institutions and are intended to complement EESSI.

Even if the effort was and, in some cases, still is huge, the advantages of electronic data exchanging outweigh the disadvantages.

EU citizens will benefit from less time-consuming, error-prone data exchanges.

a) European social security number

An initial initiative covering the introduction of an ESSN (European Social Security Number), was announced by the EC president, Jean-Claude Juncker, in 2017.

All EU citizens should receive a unique social security number, which should be valid as a uniform, cross-system identifier in all member states. It should enable clear identification of people and a quick check of the social security status to be made across national borders and it should also contribute to avoiding errors when exchanging data and combating abuse when claiming social benefits.

Effort was disproportionate to the benefits

The EC's initiative to introduce an ESSN was ultimately stopped by the Regulatory Scrutiny Board. Being an independent body, this Board advises the College of Commissioners and provides quality control for impact assessments drafted by the EC and assists in evaluating existing legislation. After the impact assessment was presented, the Board concluded that the need to introduce an ESSN was not sufficiently justified and that the effort was disproportionate to the benefits.

Whereas the introduction of an ESSN and the objectives it would pursue seemed interesting to social security institutions at first, it also raised a number of fundamental questions. Even "embedding" it in the very different structures of the social security systems used in the member states would have been a very complex undertaking. Other aspects, such as the question of who assigns the number, how duplications could be avoided, where would the data be stored and how would it be protected, would also have to be clarified. In Germany, it would also have had to be clarified whether the collecting of such sensitive data under a uniform identifier would be compatible with the "census judgement" of the Federal Constitutional Court. At the time the judges declared that providing a data network of sensitive data through a uniform personal identification number was unacceptable.[3]

The EC then rejected the ESSN project. Not because the aim of digitising the coordinating of social security systems or combating social fraud was superfluous. On the contrary, the EC concluded that the ESSN was not the most economical solution to realising these objectives and that its introduction would intrude into the realm of private data. Digital technologies have long been available that enable the same objectives to be realised more efficiently and with less data intrusion.

b) European social security pass

As an alternative to the ESSN, the EC proposed, in March 2021, introducing an ESSP (European Social Security Pass) by 2023 as part of its action plan for implementing the European Pillar of Social Rights. It still

The initial initiative concerned the introduction of an ESSN (European Social Security Number).

[3] See ruling of the German Federal Constitutional Court, volume 65, 1 (53).

wants to solve two problems: firstly, being able to uniquely identify a person and secondly, being able to verify her or his social security status. The ESSP will take a different path even though the ESSN would have combined both aspects.

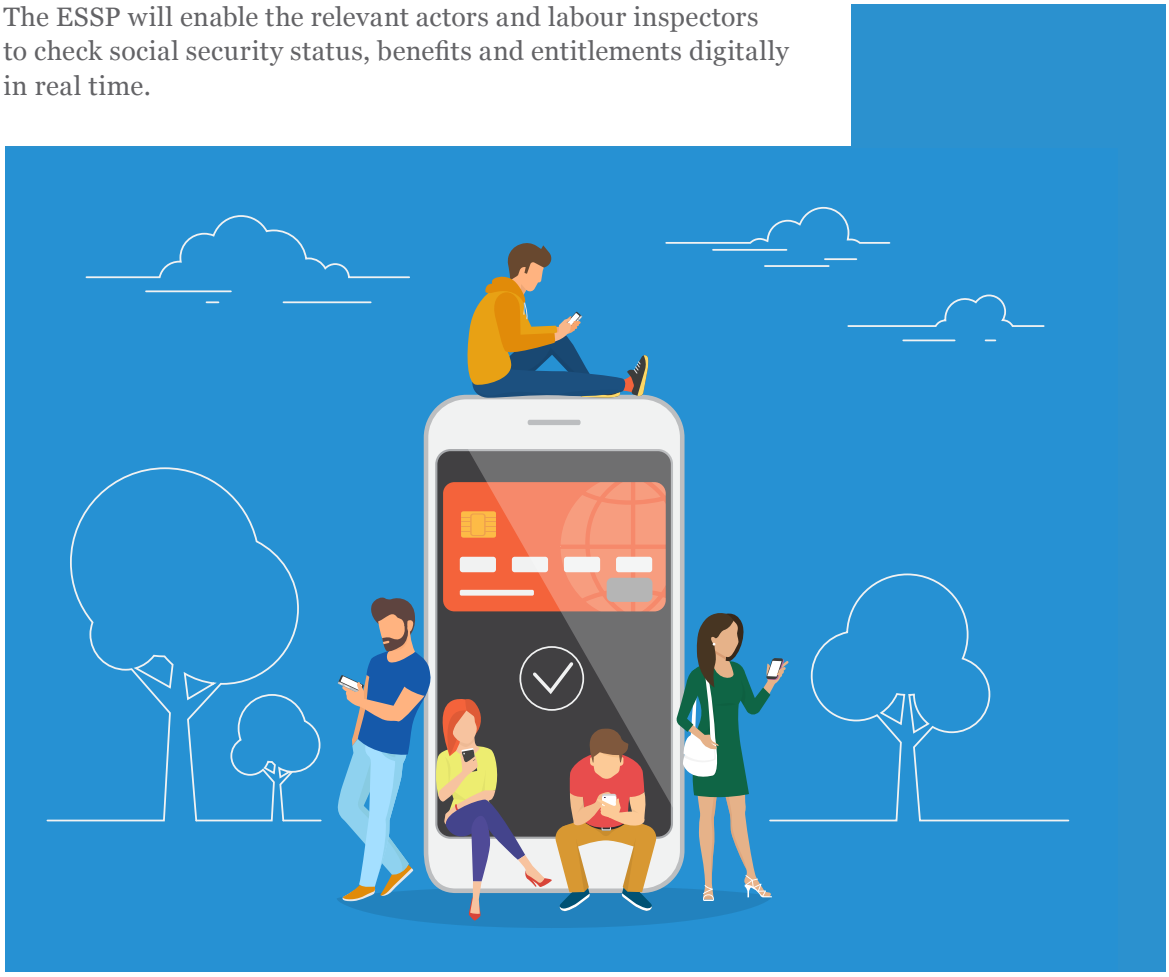
European digital identity and ID-wallet

Whereas a person will be identified via the EU-ID (European Digital Identity), the ESSP, which will be stored digitally in a so-called "ID-wallet," should enable the relevant actors and labour inspectors to digitally check the social security status as well as benefits and entitlements for mobile EU citizens in real time once they have been identified.

In June 2021, the EC presented a proposal for an amendment to Regulation (EU) No 910/2014 in order to create a European digital identity system. This should be available to all EU citizens and enable them to digitally identify themselves with just one click on their mobile phone and also be able to save and manage official documents – including the ESSP – in electronic form in their ID-wallet. This would ensure that they always have full control over the data they pass on.

The ID-wallets will be based on national systems, provided that they already exist, and are to be issued by the member states within twelve months of the proposed regulation coming into force. EU citizens would receive their ID-wallet in the relevant member state and could download and use it on their personal smartphone or other device.

The ESSP will enable the relevant actors and labour inspectors to check social security status, benefits and entitlements digitally in real time.



Blockchain technology

According to current concepts, the ESSP could be based on "Blockchain" technology. A blockchain is a technical solution for managing data within a distributed infrastructure through consensus in a comprehensible way that eliminates any data manipulation.[4] As opposed to the ESSN, the ESSP will do away with the need for a central data repository. Such a solution is being developed by EBSI (European Blockchain Services Infrastructure). EBSI is a joint initiative between the EC and the EBP (European Blockchain Partnership) for providing EU-wide cross-border public services using blockchain technology. In addition to other cross-border services, such as certifying documents or exchanging certificates, the ESSP will be an EBSI application that is currently being worked on.

ESSP pilot project

In order to evaluate the feasibility of a digital ESSP solution, the EC launched a pilot project with the Italian "Istituto Nazionale della Previdenza Social" (INPS), the largest public social security institution in Italy, at the beginning of 2021. In addition to Italy, which is actively implementing the pilot project, Austria, Croatia, Hungary, Germany, Greece, Malta, Poland, Sweden, the Netherlands, and Slovakia are also involved in the project as consulting experts.

The pilot project should be completed by 2023. The initial phase will run until 2022 and it deals with digitising the procedures for issuing and controlling the portable PDA1 document. Other components such as the EHIC (European Health Insurance Card) will be tested during the second phase, which will run until 2023.

There are still many open questions

Introducing an ESSP sounds attractive from the point of view of the social insurance institutions, as it pursues the same objectives as the ESSN in conjunction with the EU-ID. In addition to enabling EU citizens to communicate with social security organisations in an efficient and fraud-proof way, the ESSP could also allow a person's social security status to be determined and any social security benefits and claims to be verified without the need to create a central repository for sensitive data. EU citizens would still have control over their own data, which would be available online in real time via a mobile phone app or an alternative method.

However, the project is based on the still to be implemented EU-ID and the ID-wallet. These are imperative conditions for introducing the ESSP. It seems doubtful whether both can be implemented in the near future, even if the experience from the COVID 19 pandemic shows that digital solutions are currently being boosted by a "tailwind". A comparison: currently, only around 60 per cent of EU citizens benefit from the option of cross-border electronic identification that was already introduced in 2014 under EU Regulation No. 910/2014 covering

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[4] According to the German Federal Office for data technology security: BSI – Blockchain & Crypto-currency (bund.de).

The European Parliament is calling for more ambition in the content and timing of the ESSP pilot project.

electronic identification and trust services for electronic transactions within the internal market.

MEPs of the Employment and Social Affairs Committee also seem to be concerned about the time aspect. In their resolution of November 25, 2021, the MEPs not only point out that the European Parliament had already called for a legislative proposal about an ESSN in 2014 but also call on the EC to be more ambitious in terms of content and timing so that a legislative proposal for an ESSP can be presented by the end of 2022.[5]

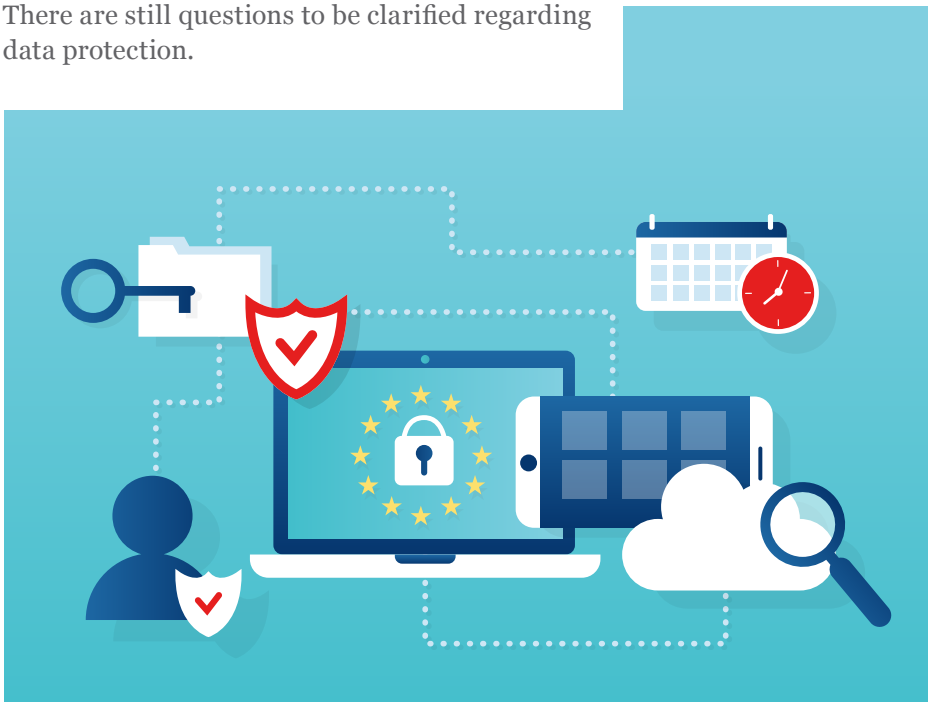
There are still questions to be clarified with regard to data protection. The European Data Protection Supervisor points to concerns about compliance with the GDPR if blockchain technology is used, such as the transferring of data outside the EU and the impossibility of deleting or correcting entries in a blockchain. He also warned that blockchain technology may not be suitable for all EU-ID applications and that more protective measures will be needed.[6]

The ESSP project is still in its early stages. It remains to be seen to what extent conclusions will be provided by the pilot project. This is all the more true as the participating member states, apart from Italy, are only participating as experts with observer

[5] European Parliament resolution of 25 November 2021 on the introduction of a European social security pass for improving the digital enforcement of social security rights and fair mobility (2021/2620(RSP)).

[6] Formal comments of the European Data Protection Supervisor on the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 910/2014 as regards establishing a framework for a European Digital Identity, P. 3.

There are still questions to be clarified regarding data protection.



status. However, this will be of limited value without active participation in testing the technology as well as studying national characteristics, available capacities and existing barriers.

c) Single digital gateway

Another module in digitising the communications between EU citizens and social security institutions is the SDG (Single Digital Gateway). The purpose of the SDG is to create a uniform European portal for data and the digital handling of specific administrative procedures within the EU. This portal should also include an overview of essential rights and obligations under EU law. A platform called "Your Europe" acts as the SDG's access portal and it is the standard digital point of contact between EU citizens and the public administrations of the member states, including the social security institutions.

Well on the way, but still some way to go

The citizen portals belonging to all member states have been bundled into the common EU portal since the end of 2020 and this allows EU citizens to search in all EU languages and access national portals. Selected procedures should be fully usable online by the end of 2023. In the area of the coordination of the social security systems this will include requests for the portable PDA1 document, the EHIC and pensions of mobile EU citizens.

Many European social security organisations already provide a lot of relevant information online, such as health insurance coverage, unemployment or retirement pension information in keeping with the SDG requirements and they are working to have all of the above procedures set up online by 2023. Implementing the "once only" principle is proving to be especially difficult. Commission implementing acts providing the technical specifications for the implementation of the principle are still pending. The purpose of the "once only" principle is to ensure a one-off provision of data that public administrations can reuse and share with each other in compliance with the data protection regulations.

3. Interlinking digital communications

How all of the above-mentioned technologies will interlink after the coordinating process for the social security systems has been digitised will be outlined using the portable PDA1 document as an example.

If an employer wants to send an employee to another member state, the employer will be directed to the responsible social security institution via the "Your Europe" portal as the SDG contact point and he / she can request a PDA1 certificate for the respective employee. The responsible institution will issue it and inform the employer via e-mail that it has been issued. The responsible institution will communicate with the social security institution in the host member state through EESSI and share the relevant data. The employer will forward the e-mail to the employee. Via a link to the social security institution's portal included in the e-mail, the employee can scan a QR code to share her / his EU-ID with the responsible social security institution, which will then be able to check it via EBSI. The employee will receive the PDA1 from the responsible institution and can import it into her / his ID-wallet. In the event of a verification being needed, the employee can share the EU-ID and the PDA1 certificate with the inspectors by scanning in a QR code and they can then check them via EBSI and receive legible data.

4. Outlook

In the future, all communications between the social insurance institutions as well as those between EU citizens and the social insurance institutions and, if necessary, verification by the labour inspectors, should be carried out without the need for paper to be used. Certificates will be verified in real time. This all sounds very good, but a lot of work is still needed as well as considerable investment not only at European level but also within the member states.

As different as the social security systems are within the EU member states, the corresponding administrative structures, the digital technologies used by them and the administrative procedures embodied in these technologies all differ as well. It will take a long time to make them all compatible throughout the EU and to enable data and information to be exchanged. EESSI has clearly shown this to be true. An EU-ID, which is a main condition for implementing the ESSP project, will also require further adjustments to be made in the member states and it cannot be implemented in the short term.

Full digitisation in the social security sector and coordinating the systems in cross-border situations as well as implementing the objectives to be pursued through digitisation are both necessary and desirable. Simplifications such as paperless communications will be welcomed. Interlinking the specific projects is precisely where efficiency will be gained and the potential for all actors involved will become apparent. However, as desirable as implementing the projects is, a structured approach is needed so that those involved in the implementation, i.e., the social insurance institutions, can keep up.

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