SOSENET: the provision of a Social Security Network across the European Union

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1. THE FRAMEWORK OF THE SOSENET-PROGRAMME

1.1. Scope of the coordination of social security systems in Europe

The free movement of workers constitutes one of the four pillars of the European Community, as well as the free movement of goods, services and capital. Thus, the Treaty of Rome guarantees in articles 48 and 49 that nationals of Member States may work anywhere in the Community. This implies the abolition of any discrimination based on nationality, especially concerning entry into the labour market and working condition.

Those who prepared and fine-tuned the Treaty during the 1950s were perfectly well aware of the fundamental differences between the social security systems of the Member States. They were concerned with preventing the disparities existing at the time (and indeed still existing) becoming an obstacle to the free movement of workers. That is why the treaty setting up the European Communities in Article 51 requires that the Council adopts measures in the field of social security which would render possible the free movement of workers.

The resultant provisions, namely Regulations (EEC) Nos 1408/71[1] and 574/72[2] co-ordinate the social security schemes of the Member States so as to protect migrant workers and their dependants. In 1983, the scope of Regulation 1408/71 was enlarged to cover not only workers and their dependants but also self-employed persons and their dependants.

With the entry into force of the EEA Agreement of 2 May 1992 the provisions of Regulations Nos 1408/71 and 574/72 also apply for the EFTA countries : Austria, Finland, Iceland, Norway and Sweden.

The coordination of social security systems, as drawn up by Regulations (EEC) Nos 1408/71 and 574/72, form a contrast to the harmonisation in other policy areas. The co-ordination does no impinge on sovereignty, whereas harmonisation would mean identical social security schemes in the Member States. In concrete terms, the co-ordination does not seek to create a system of European-wide social protection or even suggest that existing systems converge.

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[1] Regulation (EEC) No 1408/71 of the Council of June 14 1971 on the application of social security schemes to employed persons, to self-employed persons and members of their families moving within the Community (Consolidated version of OJ C 325 of 10 December 1992).

[2] Regulation (EEC) No 574/72 of 21 March 1972 laying down the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community (Consolidated version OJ C 325 of 10 December 1992).

The rules for co-ordination concern only the parts of national legislation which are liable to produce undesirable effects for the worker when he/she crosses intra-community frontiers. They are based on four principles :

-       only one legislation can be applicable, to avoid someone not being covered in any Member States or someone being covered in several Member States;

-       equality of treatment, to avoid any discrimination based on nationality in the social security legislation of the immigrant country;

-       maintenance of acquired rights, so that benefits can be exported to claimants;

-       retention of rights in the process of being acquired, so as to enable the aggregation of insurance periods, employment of residence when calculating rights to benefit.

The two last-mentioned principles imply the exchange of information between social security institutions and are therefore the most relevant to the SOSENET-programme. However, in the long term the first principle can also become relevant as competent institutions need to know which legislation is applicable in a number of situations such as for posted workers or persons covered under Article 13 (2)(f) of Regulation 1408/71.

By allowing people who move within the Community to acquire rights devolved directly from European Regulations, co-ordination will bring together Europe's citizens and will bring about the achievement of a social Europe. This is especially relevant in the light of the aspirations expressed in the Maastricht Treaty.

It is estimated that in 1991 more than 5.000.000 Union citizens resided in another Member State and that more than 2.000.000 Community Workers were employed in another Member State (figures related to the EEA are not yet available).

Even though these numbers remain fairly stable, there is a permanent and increasing rotation. The number of people who have either worked or resided in a Member State other than their state of origin is thus constantly increasing.

It is in the old-age pension sector that this increase is without doubt the most perceptible, as a migrant worker may have been insured in several Member States during a period of active employment of almost 30 to 40 years.

In addition, each year, tens of millions of people make short tourist trips to Member States other than their own and can benefit from rights directly emanating from the co-ordination rules as regards the reimbursement of health care costs.

1.2. Information as an essential factor of production for social security institutions

In order to be able to determine social rights, the social security institutions need a lot of information about the insured people. In other words, information is an essential factor of production for social security institutions. The Member States now understand the fundamental role played by this need for information and are establishing, or have established, operational information systems in the field of social security.

However, this process of improving national information systems is insufficient for the European coordination of social security systems. Indeed, in the case of migrant workers, the needed information is often stored by institutions in different countries.

The Administrative Commission on Social Security for Migrant Workers, created by the Regulation 1408/71, has elaborated, from 1972 up till now, over 76 different paper forms necessary for the implementation of the Regulation, the so-called E-forms. Each E-form has the same structure and contents in all official languages of the European Union, which allows an easy international use.

However, experience has shown that there are serious operational problems in the implementation of these co-ordination mechanisms. The difficulties are severe for institutions as well as for insured persons and may deter possible migrant workers. In fact, the administrative steps appear cumbersome and complicated for institutions and for those moving within the European Union.

On arrival in a Member State, migrant workers are obliged, for example, to provide the social security institution with information about social security rights in their state of origin in order to continue benefiting from social protection for themselves and their families.

There is also the example of a migrant worker, who having reached pensionable age, has to wait several years for the award of his/her pension, which is payable according to the legislations of a number of Member States.

Furthermore, the administrative procedures seem quite expensive from the point of view of the institutions. The costs of processing a file for a migrant worker are especially out of proportion with the costs of a file of a non-migrant worker.

Some Member States have agreed to use new technologies for the bilateral exchange of information. As these arrangements are bilateral and limited to one single social security area, they can only provide partial solutions. Co-ordination of effort is necessary for the establishment of a general telematic system covering all social security areas and all countries in the European Economic Area. An efficient data exchange system has to be installed in order to permit a quick and correct transmission of relevant data to the institutions established to calculate the social benefits of migrant workers.

1.3.   The TESS Working Party

There is no doubt that the Regulations (EEC) Nos 1408/71 and 574/72 provide high quality protection to millions of people who either for professional or private reason move within the Community (this includes, for example, tourists and retired people as well as migrant workers). Nevertheless, it is clear that this protection can be improved particularly as regards the operation of the mechanisms applying these regulations.

The Administrative Commission on Social Security for Migrant Workers has set up the TESS Working Party (formerly the Article 50 Working Group) to develop telematic services for the implementation of the Community provisions on social security. Within the framework of the TESS working Party Member States have a well-established facility for discussing matters of common interest to resolve problems. The Working Party submits proposals for improvement to the Administrative Commission.

The long familiarity of members of this group with the day-to-day problems in the functioning of the co-ordination regime is an important asset of the group.

Concretely, the TESS Working Party supervises the SOSENET-project. This project, which has been part up till now of the ENS Programme ("European Nervous System"), aims at the deve- lopment of an integrated network for the electronic data exchange between social security institutions within the European Union. It is being being executed by a Consortium of seven private companies from seven different countries (CAP-Volmac, MvM, Italsiel, Softlab, Sema Group, Eritel and British Telecom) in close co-operation with the user organisations.

2.   PROBLEMS OCCURING WITH THE ACTUAL PAPER FORM   EXCHANGE

The first activity carried out in the SOSENET-project was an investigation on the problems occuring with the actual paper form exchange. This investigation has analyzed four typical types of social security benefits in the twelve Member States. It deals with old-age pension benefits, family allowances, benefits for involuntary unemployment and health care. This study has already been updated once, following comments from the Member States, and should be re- examined, if necessary.

Different problems which exist in current day-to-day operations have been identified by this investigation.

2.1.   Identification of persons

A first problem regards the correct identification of (natural or legal) persons with respect to

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whom data are transmitted or demanded. For identification purposes, the different forms demand different personnel caracteristics (name, first names, address, date of birth, personal identification number, ...). Yet, one would have expected that the identification of a person, in all social security sectors of a specific country would be based on the same data elements.

The identification of people from different Member states, however, can require different data. These depend, amongst others, on the national name right in the different Member States. For a person of Spanish origin, for example, the name of the mother is a very important identification element, whereas this is not the case for a person of Belgian or Dutch origin.

Although the necessary information to identify a person varies from Member State to Member State, every institution generally only registers the information it needs itself without distinguishing between its own nationals and nationals of other Member States. Therefore it can happen that, in having to provide information about an insured person to an institution in another Member State, an institution has problems owing to lack of appropriate identification data.

2.2.   Determining the competent institution in another Member State

A second problem which hinders a smooth data exchange between the EU Member States concerning the migrant workers are the difficulties which occur at the establishment of the institution , in the other Member State, that is competent with regard to the person concerned.

The criteria defining the competence of institutions vary from state to state. It can be competence with reference to the working place or the residence, the employment category or with reference to the free choice of the insured person. The receiving institution can be centralised or decentralised and local offices can be involved in international information exchange. Furthermore competency and responsability can change.

At the moment there are three ways of resolving the problem :

-       to have staff or sections in the sending Member State which specialise in international exchanges, but that is quite costly ;

-       to send paper forms to liaison bodies or to bodies designated by receiving Member State, which will manually identify the competent institution concerned, but that slows up the exchange of information ;

-       to consult reference information in the sending Member State, but that is not necessarily up to date.

It may happen therefore that a form which is returned to the sender either disappears or necessitates an exchange of letters.

2.3.   Poor knowledge of the regulation

Smooth and adequate data exchange can also be hampered by the restricted knowledge of the regulations on behalf of the institutions that have to face transnational data exchange. In general, they know too little about the EEC regulations or even abour their own national social security regulations. After all, especially smaller social security institutons do not often have to face these transnational dataflows.

When exchanging data on migrating workers, one has to take four conceptual translation steps :

-       the request passes from the national level of the sending organisation to the European level;

-       then, passes from the European level to the national level of the organisation receiving the request;

-       the reply passes from the national level of the receiving organisation to the European level;

-       then, passes from the European level to the national level of the organisation sending the request;

Therefore, the correct progress of such a request needs a good knowledge of the European Regulations and of national legislation in the receiving Member State.   The risk of misunderstanding or even of misinterpretating is therefore very real and can cause the processing of a file to be slowed down or worser still can mean incorrect application of the co-ordination regulations and of national legislation.

Some solutions exist at the moment, such as the drawing up of bilateral forms or the setting up of a special section of the institution for the processing of international files which means, in fact, an increase in the number of forms and work and consequently of costs.

2.4.   The inability to adapt the forms quickly

The E-forms in use are designed on the basis of being perfectly superposable. Amendment of the forms requires the approval of all 12 (17) delegations of the Administrative Commission on Social Security for Migrant Workers. Achieving amendments, in practice and with the best will is a lengthy and expensive process, even for minor amendments. This results in the fact that certain forms are no longer adapted to the changing requirements of one or more Member States. It isn't surprising that next to the official E-forms many ad-hoc forms are being used, which are issued without consulting the official channels of the EU, and are elaborated on a bilateral basis.

In other cases the E-forms are used for completely different purposes than those for which they initially have been designed for, and are even used in totally different sectors.

2.5. Conflicts between privacy protection and the obligation to exchange information

Since up till today, not all EU Member States have established a general regulation on the protection of privacy, it is not astonishing to note that this regulation has not yet been co-ordinated on European level. The national regulation on data protection comprise in a great number of Member States restrictions on the export of data towards Member States that can not guarantee an equal protection level. That is why, some E-forms are not always fully completed, often without giving a reason whatsoever.

2.6. The illegibility of the filled out forms

In many countries, the E-forms are mainly being completed manually. Which gives problems as to the illegibility of these forms, especially when one uses a different alphabet (such as the Greek alphabet). When the answers to be given are poorly structured, the forms will comprise many text zones, which will enhance the chances for them to be illegible.

2.7. Managing the exchange procedure

The competent institution institution sending a form to another Member State is often faced with enormous difficulties in following up the exchanged forms. How far has the institution reached in dealing with the form ? Is the question asked properly
understood ?   Is the information provided sufficient ? Will a reply be received ?

This situation is not favourable for the proper processing of a file and it is even worse for the insured person, who is waiting for a reply or for payment.

Further does the lack of satisfactory statistics impede a thorough analysis of the structural problems of the flow of the forms.

3.   THE DEVELOPMENT OF A NETWORK FOR ELECTRONIC DATA EXCHANGE BETWEEN SOCIAL SECURITY INSTITUTIONS WITHIN DIFFERENT MEMBER STATES

3.1.   The added value that can be obtained thanks to the informatisation of the data flows between social security institutions in different Member States

Many of the problems described under point 2, can be solved by an informatisation of the data flows between the social security institutions in the different EU Member States. Data exchange would not only get more swift and efficient but also more accurate, correct and without any doubt also cheaper. Inproved and punctual statistical returns made possible by telematics could even facilitate macro-economic planning in the labour market. In the future, this could feed into management information system for improved decision making and target-monitoring.

Nevertheless, with regard to the informatisation of data flows, it would be very wrong to base oneself on the principle of purely translating the current paper forms into electronic versions. Major opportunities offered by the informatisation would then be lost.

First and foremost, well designed messages are much more flexible than paper forms. This is mainly due to the fact that an electronic message can be established in a much more dynamic and variable way. One could, for example, establish a library of electronic standard questions, where every social security institution which requires information, could select the questions and only these questions, which are relevant to the current case.
To every standard question incorporated in the library could be linked, for every Member State, the translation of the question tuned to the concepts used in that particular Member State. In that way, a great number of conceptual translation phases are avoided, which can give way to misunderstandings and inaccurateness, since they are executed by not sufficiently competent people. Indeed, every institution can then formulate questions and obtain answers within the framework of its own national concepts.

It would even be useful to not only restrict the translation of the standard questions to the concepts used by the institution concerned. Other elements can also play a role in establishing the correct conceptual translation. The problem described above, as to the communication of the name of the mother of a person to a Spanish institution, can be solved when one takes into account the nationality of the person on whom one asks information.

Since it is the national name right of the country of which one is a subject, that determines what information is required to identify the person and not the name right of the sending or receiving country. For a Spanish person, one needs the name of the mother in order to be identified by any institution of any Member State.   For a Belgian subject this is not the case. So, when one establishes a standard question as to the identity, it has to be translated on the basis of the nationality of the person to whom it relates.

The informatisation of the data exchange also facilitates the identification of a person with regard

to the social security system. Why not introduce an electronic legible insurance card which identifies the person concerned. On the card, one could also put reference data concerning the institution(s) that, with regard to the person concerned, is (was) competent within the different social security sectors and countries.

In an informatized environment, the competent institution can also be determined in an other way such as a multi-stage directory system, which enables one to locate for every migrant worker, the competent institutions in the different social security sectors on the basis of relevant criteria. A variant of such a system organises successfully the national data exchange within the Belgian social security system. To that effect, the Belgian Crossroads Bank for Social Security keeps a reference repertory that specifies for which period(s) a social insured has (had) a file in which social security institution. The insurance card could even be combined with the directory system. But an essential element is that neither the directory system, nor the card need to contain any information as to the contents of data regarding the person involved. An identification key and the necessary references in order to determine the competent institution, are largely sufficient.

Furthermore, informatisation requires well structured messages with as few free text zones as possible. In any case the informatisation guarantees their legibility. Moreover, before being dispached, they can be automatically checked as to their quality, which reduces the number of errors and thus, avoids having to treat time consuming remarks afterwards.

Electronic data exchange, of course, also reduces costly and error sensitive, manual input of data.

And finally, a well organised and managed data exchange network makes it possible to constantly check whether the defined messages remain appropriate and whether the delays are being respected, and if necessary to correct it.

3.2.   The Master Plan for the SOSENET-programme

In order to elaborate in a systematic and organized way a network which comprises the added value that was defined above, the TESS Working Party established a Master Plan, which not only defines a general methodology but also a concrete action plan from 1994 to 1998.

3.2.1.   Methodology

3.2.1.1. The Programme is User driven

Three different partners will have the three main roles:

-        TESS is a working party of the "Administrative Commission on Social Security for Migrant Worker" where all social security branches in the Member States - and accordingly the potential users of telematic services - are represented at European level; such as, TESS is the "Decision Partner" or the "Management Board" which takes the

final responsibility for the Programme and defines and assumes strategic choices in methodology matters, guidelines, priorities, budget allocation, functional and technological solutions; it assumes the follow up of operational management of the implemented telematic services;

- Member States administrations and Social Security institutions, "Executive Partners" provide TESS with their sectorial competencies; they implement at national level the decisions taken by TESS;

- the European Commission, under the leadership of DG V, supports the Programme by playing the role of the "Support Partner"; as such, the European Commission gives impetus to the Programme and provides it with financial, administrative and legal support. Whenever service suppliers will be required, the invitation to tender, the task attribution and the results will have to be approved beforehand by TESS.

3.2.1.2. Member State responsabilities

Each Member State is fully responsible for the development and implementation of telematic services within its borders and has to bear the burden of its own legislation and administrative structure.

It will be responsible for the recommandation of the use, by its own institutions, of the norms and standards recognized by TESS as part of the Common Architecture as well as for the implementation of those Common Architecture rules.

This is specially the case for:

- the identification of insured persons by a common data set that each institution is committed to provide for sending any messages,

- the routing of messages received by a Member State to the correct Competent Institution, in the case where the sending institution itself is not able to identify the receiving Competent Institution.

Moreover, a user organization in a Member State does not have to bear the burden caused by a limited implementation of telematic services in another Member State. In other words, a user organisation willing to use telematic services can send a message, without knowing if the recipient is able to use the same telematic services or is only able to receive paper forms. However, this principle does not apply if the specific telematic service is not available anywhere in the social security branch concerned in the recipient Member State.

3.2.1.3. Development guidelines

Functional solutions have to be found prior to any technical implementation solutions. Indeed, the operational requirements of the users have to be covered first and the possible technical limitations have to be managed afterwards.

Architecture rules are common to all implementations of telematic services in all Member States and in every social security branch. However, the technical implementation of these rules may diverge owing to local or sectorial differences.

The development of any standardised message related to (EEC) Regulation 1408/71 in principle is first of all a TESS responsibility.

In order to maintain consistency with the architecture rules, the use of messages developed for other purposes is subject to TESS approval and quality control certification. Any further modification of such standardized messages will be subject to TESS approval and quality control certification.

Interoperability testing and quality control are mandatory on local implementation of telematic services prior to the exchange of real data. For these purposes, a permanent certification mechanism will be established.

3.2.1.4. Cooperative environment

The Member States (and EFTA-countries) are participating in the programme and using telematic services in a spirit of partnership while respecting the principle of subsidiarity.

They recognize the need for improvement of the management of exchanges. Structural as well as co-ordination problems have to be analysed and solved. Therefore, the necessary mechanisms, such as statistics, will be defined and implemented.

3.2.2.   Concrete action plan

In 1991, 1992 and 1993 the first three Builds were accomplished under two different EU projects, EDIS and SOSENET. The needs of all twelve Member States for the four social security areas concerned were defined and reported upon. A pilot project on exchange of E500 forms in the old-age pension area between 7 institutions in 7 Member States is being carried out under Build 3 where the defined common architecture rules are evaluated. The experiences from the Build 3 pilot project show, in particular, the feasibility of EDI interchange between social security institutions in different Member States and confirm the choice made regarding norms, standards and architecture.

Build 3+ which begins in 1994 aims at consolidating Build 3 by complementing the set of common architecture rules and transferring the existing pilot network into a production

environment.

Build 4 will extend the project to the E 200 related exchange in the pension area. The particularity of this project is that more than one institution per Member State will be involved. It will be the platform for implementing national routing mechanisms.

In parallel, Build 5 will extend Build 3+ to another prioritized branch, the health aare area, with the E 100 related exchange.

Build 6 is not related to any paricular social area, but will deal, after Build 3+, with the development of the necessary messages by means of an inter-sectoral approach. The construction of a data dictionary and a glossary of terms of social security is a major task.

Build 7 will identify and analyze different possibilities for the modernisation of the E 111 form. This form is mainly used by tourists for temporary stay in another Member State than the one where they are insured. One of the possibilities is to use abroad the health card they use nationally instead of a paper form.

Build 8 will identify needs and analyze different possibilities for a management structure of operational telematic services, and will deal with various support measures before the implementation of this management structure.

Other "Build's" will be defined during these 5 years (1994-1998), on the basis of the experiences acquired and investments made. In particular, needs for telematic services in the unemployment area and in the family benefits area will be analysed and projects will be lauched accordingly.

Moreover, other projects in the social security domain or in other close domains could create synergies with the SOSENET Programme and some "joint Builds" could be launched.

4.   CONCLUSION

In order to apply the ECC coordination regulations on social security, a very large number of social security institutions need to exchange information regarding the situation of insured persons. Up till now, this has been conducted almost exclusively by clerical means. These procedures are subject to delays and other inefficiencies; they are staff intensive and therefore expensive.

This situation needs to be modernized. Today, the new information technologies and, in particular, the use of telematic services allows exchange of information by electronic means.

However, a pure technological approach would lead to very poor results. The use of new technologies has to be combined with an in depth analysis of the problems encountered in the current information exchange and the implementation of complementary administrative rules and

procedures that take into account the strategic opportunities offered by these technologies.

In order to speed up the processing of the information, the modernization procedure has to apply a strategy : to organise the availability of an accurate information set wherever and whenever it is required. This is the means of reaching the objective set by the Member States to the SOSENET Programme: to accelerate and simplify the acquisition of rights and the payment of benefits derived from the application of (EEC) Regulation No 1408/71.

Moreover, with this, the SOSENET Programme will foster superior objectives : improving mobility of people and, at the same time, reinforcing the single market by making the disappearance of internal frontiers more tangible. Furthermore, in line with the White Paper on Growth, Competitiveness and Employment, this will contribute towards laying the foundation for the information society and the development of a Community employment market.