

Public Consultation on the European Pillar of Social Rights

Submission of the European Social Insurance Platform (ESIP)

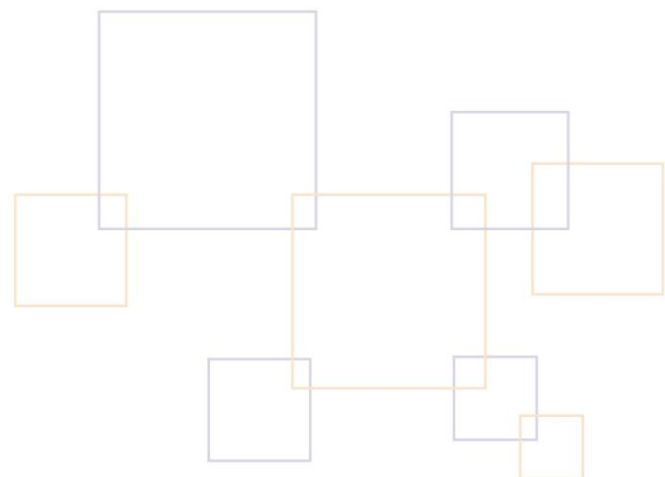
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ESIP aisbl

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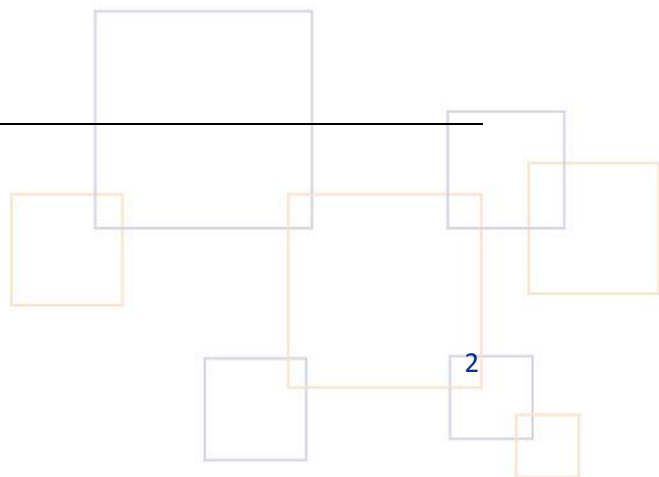
About the European Social Insurance Platform (ESIP)

The **European Social Insurance Platform (ESIP)** represents over **40 national statutory social insurance organisations** (covering approximately **240 million citizens**) in **15 EU Member States and Switzerland**, active in the field of health insurance, pensions, occupational disease and accident insurance, disability and rehabilitation, family benefits and unemployment insurance. The aims of ESIP and its members are to preserve high profile social security for Europe, to reinforce solidarity-based social insurance systems and to maintain European social protection quality. ESIP builds strategic alliances for developing common positions to influence the European debate and is a consultation forum for the European institutions and other multinational bodies active in the field of social security.

Statement regarding positions submitted by ESIP: *ESIP members support this position in so far as the subject matter lies within their field of competence.*

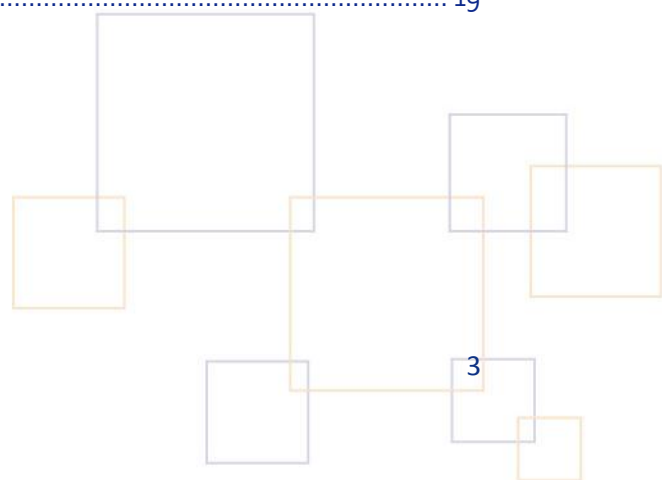
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Introduction

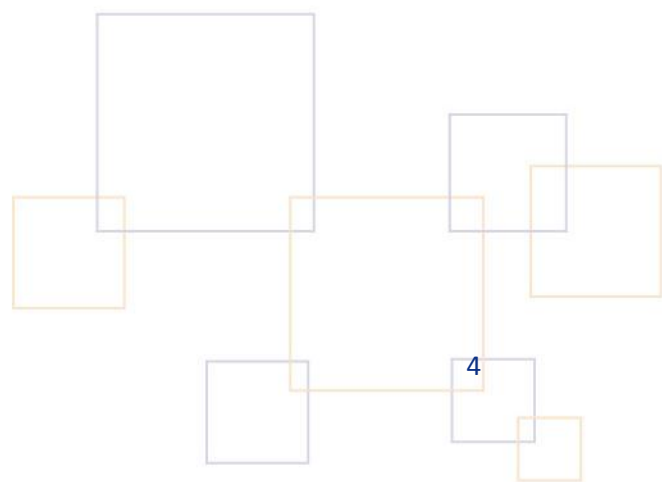
The European Social Insurance Platform (ESIP) **welcomes, in principle, the goal of achieving renewed convergence of high-level social security** in the Member States of the European Union (EU). A high degree of social protection and the removal of social and health inequalities in all Member States is the basis for long-term, political cohesion in the Union. In times where the Eurogroup focusses essentially on the economic efficiency of social security expenditure rather than protection, the pillar and its public consultation are an opportunity to reassert the importance of a high level of social protection throughout the lifetime.

According to the EU Treaties, **the main responsibility for social policy and the goals, design, organisation and financing of social insurance schemes lies within the competence of the Member States**. Therefore the principle of subsidiarity must be safeguarded. In addition, certain social insurance schemes include some elements of self-governance, which involves the direct participation of employee and employer representatives.

Nevertheless, **ESIP acknowledges and welcomes EU support and complementarity with the policies of Member States** in areas where a common approach has an added value. Systematic comparisons and the voluntary exchange of experiences between the Member States can help them to learn from one another and to nourish reflexions on relevant reforms.

The European Commission's goal for the European Pillar of Social Rights is also to achieve a deeper and fairer Economic and Monetary Union. The Commission has stressed the importance of principles which encourage competitiveness, increase participation in the labour force, maintain the sustainability of public finances and ensure the resilience of economic structures. ESIP **recognises both the importance of a country's economic performance for its social security system as well as the system's importance for a strong economy**. However, **fiscal policy and economic growth should not take priority over social and health objectives**. The focus should rather be on **universal access to essential social benefits and services** including healthcare.

In the following comments, ESIP expresses its opinions in a broad area of social and health policies. The Member States face challenges in all of these areas, some of which they share in common, others are quite different. In addition, priorities can diverge. Therefore, **a Pillar of Social Rights should be seen as a means to promote upwards convergence towards a high level of social protection throughout the lifetime**. What that means in practice, i.e. with view to the need to amend the EU social acquis and additional "action" at the EU level on rights, benchmarks or standards, depends on the relevant policy areas. See especially "[Detailed comments by domain](#)".



ESIP answer to the consultation

On the social situation and EU legal “acquis”

1. What do you see as most pressing employment and social priorities?

The European Union promotes social justice and social protection, social and territorial cohesion, and solidarity between the Member States. An aim of the European Single Market, in the form of a social market economy, is to contribute to full employment and social progress. A high degree of social security and the removal of social and health inequalities in all Member States is the basis of long-term, political and economic cohesion in the Union.

Demographic change, ageing population, declining birth rates and evolution of family structures, high unemployment, pressure on wages and working conditions (in-work poverty), changes in the pattern of work, the special situation of mobile workers and their social security coverage, the rise of poverty since the 2008 financial crisis, and finally fraud and error have brought about different concerns for social security systems in the EU. In the face of these challenges, European social policy might offer support and guidance. In this case, acting at the EU level is based on the justified conviction that efficient social security systems should not simply be seen as a supplement to competitive markets but as a necessary instrument for social balance and protection against fundamental risks.

The following comments concern transversal issues. See also “[Detailed comments by domain](#)”.

Cross-border cooperation of European social security institutions

Free movement within Europe requires a high amount of coordination between the European social security systems. The EU already provides for the necessary regulatory framework in order to avoid situations of double insurance and loss of entitlements as well as to enable patient mobility. The success of this framework relies heavily on ongoing cooperation between institutions from different Member States. Thus, swift implementation of the electronic exchange of social security information (as foreseen in the framework of EESSI), resilient dispute settlement mechanisms and a fair sharing of burden between institutions in the field of reimbursement of health and social services should be prioritised.

Combatting fraud and error in the field of social security

Increased intra-European mobility also raises concerns with regard to cross-border social security fraud. Comparable to experiences in the field of taxation, social security institutions are confronted with increasing cases of cross-border schemes aiming at evading social security contributions in particular Member States, leading to wide-spread distortion of competition and cases of social dumping. These cross-border cases of social fraud and undeclared work cannot be solved at a national level and require European solutions.

Free trade agreements

Taking into account the EU's ongoing efforts to conclude **free trade agreements (FTA)** with third countries as well as the vivid public debate regarding CETA, TTIP and TiSA, the EU has to guarantee that the Member States' as well as the EU's existing social acquis will not be undermined by FTAs. The positions of statutory social security and public health care systems should be duly taken into

consideration during the negotiation processes. FTA must not infringe upon Member States' competence to organise their social security and health care systems. Moreover, the EU has to guarantee that FTA will not undermine existing social and health care standards. FTA must not include obligations in the area of competition, public procurement and intellectual property that go beyond the current intra-European obligations.

Sustainability of social security systems

A common goal must be to future-proof **health** and long-term care systems and ensure their efficient functioning across Europe. Both demographic change and varying economic and social circumstances have raised challenges for the European **statutory pension insurance** systems in guaranteeing appropriate benefits without endangering their sustainability. To address these challenges Member States, acting in accordance with their responsibility for the design of their social security systems, continuously adapt their pension systems to ever-changing circumstances.

Changing labour markets

Furthermore, important changes in working conditions will influence the protection of health and safety at work as well as social security. **New forms of work**, for example “click working”, “crowd-sourcing” and platform work bring other risks and dangers. The role of the human being in the process of production is changing and new processes and structures are developing. It is essential to adapt corresponding procedures and instruments to protect people in their working environment.

In light of these developments the issue of integrating **self-employed workers** into statutory social insurance schemes should be investigated. Healthy and reliable **working conditions**, including a more flexible framework to adapt the work to the individual needs of the employees, are essential to preserve the ability to work to a greater age. But also restoring employability and working capacity through effective and efficient rehabilitation is very important. Particular attention has to be given to the reconciliation of **family and working life** and the labour market's impact on social integration and the social rights of **refugees**.

2. How can we account for different employment and social situations across Europe?

National history, culture and democratically built preferences define the different labour market and social models in the 28 Member States. These different models explain the differences in terms of employment efficiency and social security priorities and level of protection. Different labour, tax and social laws play a role in actual employment rates but also in the quality of working lives and security.

Common learning and coordination processes are important steering instruments in a European Union that is growing ever closer. Systematic comparisons such as the Open Method of Coordination (OMC) or the Health Systems Performance Assessment (HSPA) serve to implement common European objectives in the social and health sector while fully respecting the national responsibilities and competences in these areas. For more details see reply to question 10.

3. Is the EU "acquis" up to date and do you see scope for further EU action?

See the Introduction and “[Domain specific comments](#)” under question 10

In order to ensure the effectiveness of the coordination framework governing social security systems as defined by Regulation (EC) No. 883/2004 and Regulation (EC) 987/2009, these Regulations must be continually improved and developed.

Therefore we welcome the European Commission's initiative to amend the regulations and call on the EC to use this opportunity to:

- Introduce control measures to ensure compliance with deadlines for settling claims for expenses and their enforcement.
- Introduce clear provisions regarding activation measures in the cross-border context as underlined in ESIP's position paper of October 2014.¹ Furthermore, the EU should contribute to better coordination between Member States' administrations, in particular between social security institutions, for example by finalising and implementing the EESSI program to facilitate information exchanges between national social security institutions in the EU and allow better coordination of social security rights.
- To amend the Regulations in the area of cross-border long-term care. In this context, the current principle that all costs for long-term care benefits be borne by the Member State in which the concerned person has their health or long-term care insurance should be maintained. Amendments to the regulation in this domain need to take into account the development of new services and benefits in the individual Member States (for example, services to help caregivers).

On the future of work and welfare systems

4. What trends would you see as most transformative?

Option 1 Demographic trends and developments in population structures

With demographic trends and changes to the size and structure of the population, come diverse social, political and economic challenges which also affect social security systems.

Demographic change, the ageing population and the increase in chronic-degenerative diseases associated with an increase in the need for **long-term care**. The increase in the number of very old people is associated in particular with an increase in the number of people suffering from cognitive impairments and dementia.

With a view to **health care however**, the expected increase in the prevalence of chronic diseases will not necessarily be correlated with increasing costs for healthcare. For example, the European Commission in its Ageing Report 2015 assumes there will only be a moderate demographic effect on the financial viability of healthcare. Other factors are much more likely to have a sustainable impact on the expenditure structures of health insurance systems, such as the supply of care, developments in medical technology, growth in compensation and supplier-induced volumes, and political decisions. In Germany, for example, this is attested to by the significant increase in hospital services in the past years. Only a third of additional services and benefits can be explained by demographic factors.

The sustainability of **statutory pension** systems that are financed on a pay-as-you-go basis is affected by demographic circumstances. However, an increase in women's labour participation in most parts of Europe and a boost in the activity rate of those older than 55 have contributed to a

¹ <http://esip.eu/files/ESIP%20position%20paper%20on%20activation%20measures.pdf>

degree of stabilisation. Nevertheless, there are other factors that have a significant impact on the sustainability of pensions systems such as the employment situation, the number of employees that are subject to social insurance contributions, and the development of wages.

Demographic change is pushing longer working lives. However, to realise long and **healthy working lives** a “culture of prevention” has to be introduced that covers all areas of life. Chronic diseases may appear more often in an aging working population. Therefore to achieve the goal of keeping people fit to work in particular in aging societies, structures for rehabilitation as well as activation and reintegration measures should be strengthened and enlarged. **Option 2 Changes in family structures**

Changes in family structures present serious challenges for **social long-term care**. The dissolution of traditional family structures, the trend towards single, childless and single parent households, and social change with an increasing number of women employed in the workforce all mean that the potential for informal care is decreasing while the demand for long-term care is increasing. The forecast for instance for Germany is that the need for professional carers will have doubled by 2030.

Option 4 Technological change

In general, technological innovation has the potential to deeply influence labour markets and the form of labour. This will introduce challenges for social security systems.

Technological change is increasingly affecting digital communication and applications in **health and long-term care**. The creation of a technological foundation is essential for urgently required medical applications. This requires a telematics infrastructure that links the IT systems of medical practices, pharmacies, hospitals and health insurance funds with one another and which allows a system-wide exchange of information. This infrastructure should be the single network for the transmission of medical data within and between service sectors. In addition, technological change poses a particular challenge to health insurance funds in the form of the development of new, patented medicinal products which are responsible for a significant proportion of increased pharmaceutical expenditures and thus, impact the financial viability of health systems in Europe (see Question 10 point 12). The evolution of medical devices generates similar challenges.

Digitalisation through technical progress changes societies. Innovative technical approaches and working methods can produce new risks for the **safety and health at work**. Appropriate answers in the field of prevention have to be found. At the same time, every technological innovation that can lead to lasting changes in the labour market also affects the statutory pension insurance systems.

5. What would be the main risks and opportunities linked to such trends?

The overarching challenge will be providing adequate social security protection throughout the life course while ensuring the financial sustainability of social security systems.

The main risks and opportunities linked to the above mentioned trends depend on the relevant policy fields and “domains” and will be identified in their respective context (see answers to [“Detailed Comments by domain”](#)). Comments here refer to the transversal impact of **technological change**.

Self-employment

New opportunities for **self-employment** as a result of increasing digitalisation of the economy and society, raises the risk of absence of adequate social protection. This is of high relevance in

countries where the majority of self-employed persons are not covered by mandatory/statutory insurance schemes or only in some domains. It should be examined whether their integration into social security systems is possible and how it might be achieved.

ICT and cross-border cooperation of social security institutions

ICT offers new possibilities to improve and standardise cross-border cooperation of social security institutions. Electronic exchanges will significantly facilitate and speed-up the necessary information exchanges and decrease existing language barriers. Therefore it is important to implement the EESSI (European Exchange of Social Security Information). Connecting the existing national ICT infrastructures to the EESSI architecture will however be challenging and require a high level of change management at the level of Member States.

6. Are there policies, institutions or firm practices – existing or emerging – which you would recommend as references?

While respecting the principle of subsidiarity, ESIP supports the role of the EU in promoting the exchange of good practices among the Member States. Here we highlight a number of national initiatives which might feed into a list of “best practices”:

- The Belgian FAMIFED's study on how families spend family benefits clearly proves that they form a significant part of the spendable family budget².

Initiatives of the French CNAF, include:

- Creation of a label “promoting professional integration” for crèches agreeing to reserve at least 30% of childcare places for children (aged 0-3) whose parents are jobseekers³.
- The local family allowance offices (CAF) offer assistance to separated parents in recovering unpaid maintenance payments through a “guarantee against unpaid maintenance”⁴.
- “Global provision of services”, a comprehensive family services program which is based on the payment of financial benefits and on social action targeted at families aimed at providing global and appropriate responses to the diversity of situations and needs of beneficiaries⁵.
- A new CAF service called the “entitlement meeting” enabling all beneficiaries to receive all the benefits and services that their situation entitles them to, by improving the information and advice they receive. Analysis of the results shows that 40% of the meetings resulted in entitlement to Family Allowances Fund benefits. This confirms the relevance of a proactive approach to assisting the most vulnerable groups in society⁶.
- Improving access to information with the national website www.monenfant.fr about childcare facilities, available throughout France⁷.

² <http://vlaanderen.famifed.be/sites/default/files/publications/Annexes%20CG%2012518%20-%20Focusstudie.pdf>

³ <http://www.familles-enfance-droitsdesfemmes.gouv.fr/les-creches-a-vocation-dinsertion-professionnelle-vip-en-quoi-cela-consiste/>

⁴ <https://www.caf.fr/vies-de-famille/elever-ses-enfants/famille-monoparentale/gipa-la-reponse-de-la-caf-aux-impayees-de-pension-alimentaire>

⁵ https://www.issa.int/en_GB/good-practices/-/asset_publisher/QSI84SVuDbqG/gp_submission/id/4148740

⁶ https://www.issa.int/en_GB/good-practices/-/asset_publisher/QSI84SVuDbqG/gp_submission/id/15575382

⁷ https://www.issa.int/en_GB/good-practices/-/asset_publisher/QSI84SVuDbqG/gp_submission/id/4151839

- The new "Prime d'activité", a top-up scheme for employees on a very low income that introduces a "100 per cent paperless, 100 per cent personalised" procedure. The user can make requests online 7 days a week, 24 hours a day. The service is personalised to ensure that users are able to access the service to minimise the occurrence of non-take-up of benefits⁸.

The German DRV offers:

- A federal company service ("Firmenservice"), directed to employers, company doctors, works councils and representatives of heavily disabled people, aimed at strengthening the health of employees in a preventive and sustainable way⁹.

On the European Pillar of Social Rights

7. Do you agree with the approach outlined here for the establishment of a European Pillar of Social Rights?

See Introduction above

8. Do you agree with the scope of the Pillar, domains and principles proposed here?

See "[Detailed comments by domains](#)".

Are there aspects which are not adequately expressed or covered so far?

Social services

Access to essential services should cover as social services. Social services contribute to preventing poverty and social exclusion as well as to wealth redistribution through the different population groups and therefore to social cohesion and the fight against inequality. In this context, the phenomenon of non-take-up of social benefits should be addressed since it constitutes a major social challenge for the most vulnerable people.

Family benefits and family poverty

Family benefits are, at this stage, not included in the 'scope' of the Social Pillar (in contrast to other social security benefits within the area of Regulation (EC) No. 883/2004, e.g. pensions, unemployment benefits, sickness benefits; ...). With view to the changing structure of families, policies should implement non-discriminatory measures to support all forms of families. Besides, particular attention has to be given to the reconciliation of work and family lives to best support the choice to work and to have a family.

We do welcome the inclusion of a policy domain related to childcare within the scope of the Pillar. Nevertheless, this sole domain is insufficient to ensure adequate social protection for families. We consider that family benefits together with services aimed at supporting families constitute the most efficient tool to fight against child and family poverty. Several studies show the impact of

⁸ https://www.issa.int/en_GB/good-practices/-/asset_publisher/QSI84SVuDbqG/gp_submission/id/15584773

⁹ http://www.deutsche-rentenversicherung.de/Allgemein/de/Navigation/3_Infos_fuer_Experten/02_ArbeitgeberUndSteuerberater/07_firmenservice/firmenservice_index_node.html

transfer of social benefits and more specifically child benefits on the risk of child poverty, e.g. see the EUSILC 2015 study¹⁰ or the Van Lancker et al. 2012 study¹¹ on the specific impact of family benefits. Therefore this domain cannot remain out of the Scope of the Pillar, especially since the Commission itself emphasises in this preliminary outline that "measures shall be taken at an early stage and preventive approaches should be adopted to address child poverty". Moreover, the European Social Pillar should not only address child poverty but family poverty as well.

Labour security

The measures to be taken under the section on "flexible and secure labour contracts" must ensure that the secure element is fully taken into account, not just the flexible one.

Social rights of persons with disabilities

The idea of an holistic approach to disability is not underlined strongly enough (even in section 11 on integrated social benefits and services): universal social benefits complemented by targeted measures for specific disadvantaged groups are key to fighting against poverty and social exclusion as well as contributing to social cohesion and a fair society. Social rights of persons with disabilities are wide-spread and should not be limited to entitlement to "disability benefits". Social rights of persons with disabilities cover amongst others participation, accessibility, integration and rehabilitation as well as reintegration to work and social life and also aspects of long-term care.

9. What domains and principles would be most important as part of a renewed convergence for the euro area?

See "[Detailed comments by domain](#)" below.

10. How should these be expressed and made operational? In particular, do you see the scope and added value of minimum standards or reference benchmarks in certain areas and if so, which ones?

ESIP believes that systematic comparisons can help with learning from one another and contribute to modernising social security systems in Europe. The Open Method of Coordination (OMC) and the Health Systems Performance Assessment (HSPA) are tools that exist for implementing common European goals. Systematic comparisons must be based on meaningful data; their methodology must be continuously refined; they must be transparent; and they must be more open for those involved to participate. Previous experience has shown that significant methodological problems exist when comparing data because of system differences that have developed over time.

This is in particular the case for healthcare, but as well in the field of pensions. It is true that the situation for comparing health and long-term care systems in terms of their comprehensiveness, depth and quality of data has improved. However, the data situation for a European-wide comparison is still inadequate. The data required for determining indicators is either not available or the quality of the data varies. Existing data cannot be usefully compared due to differences in the criteria used.

In terms of comparability and in order to maintain an adequate and system-neutral picture of social security systems, there must be strict requirements for selecting and defining valid indicators.

¹⁰ <https://bestat.economie.fgov.be/bestat/crosstable.xhtml?view=57668bdc-6b63-4ab3-8b38-05a4cf2f13f3>

¹¹ http://www.centrumvoorsociaalbeleid.be/sites/default/files/D_2012_6104_14_november_2012.pdf

Subjective questionnaires and the use of emotional indicators should be avoided. In principle, the establishment of indicators should follow the policy objective and not the other way around.

The large differences between EU social systems including health and long-term care systems mean that the fundamental methodological problems associated with these differences remain. The result is that transnational comparisons will always be tainted regarding their accuracy and reliability. In order to avoid false conclusions, interpreting the results of systematic comparisons should take into account each country's circumstances before policy conclusions are drawn at the relevant national level. Therefore ESIP is sceptical of the European Commission's use of minimum standards as a means of putting the principles of the Pillar into practice. In addition to methodological problems with determination and measurement, it is feared that EU-wide standards will result in a focus only on minimum standards and will entail a levelling down. In addition, there is the issue that such social and health policy standards must reflect the complexity of national systems and as such might not be applicable across Europe.

In addition, common European standards for health and long-term care services will not lead to improved quality and safety of health and long-term care. Ensuring quality and safety in healthcare and long-term care is the responsibility of the Member States; it takes into consideration the expertise of the national healthcare partners. Setting different standards and establishing parallel structures via the European Committee for Standardisation (CEN) could lead to legal uncertainty. Ultimately, it is feared that agreeing on common European service standards which will apply to very different health and long-term care systems in terms of structure and performance in the Member States will lead to a decline in existing levels of quality and security. In contrast, when it comes to medicinal products and medical devices, the European Union has a responsibility to establish high standards in quality and safety.

Detailed comments by domain

Below ESIP's comments on the specified domains. As a general remark, however, we note that due to national, regional and local particularities and a different history in each of these domains, the Member States are – to different degrees - faced with different challenges. Therefore, and in view of possible diverging political priorities, a high degree of subsidiarity in these domains has to be maintained and guaranteed.

Domain 3 Secure professional transitions

Family responsibilities are not addressed in the challenges described in this section: such responsibilities are often the reason for career interruptions (situation of family carers).

Domain 5 Gender equality and work-life balance

Paid care leave must be provided for both parents to contribute to family responsibilities shared between the parents. The single parent situation must be addressed through specific support. Flexible work arrangements are a good way to facilitate conciliation of work and family life but again the flexibility in the employee/employer relationship must be balanced and constitute a real choice for parents (c.f. involuntary part-time work that affects women especially, or unnecessary intrusion of work responsibilities into private life).

This section should be strongly linked to that on childcare which is the best tool to promote gender equality and conciliation between work and family life.

Domain 7 Conditions of employment

The EU should contribute to ensuring accessible and comprehensive information to citizens about their social rights, especially in the case of mobile workers.

Domain 8 Wages

In-work poverty must be addressed. The measures to fight in-work poverty must be linked to those that will be defined under "secure professional transitions" in order to implement the principle that "work pays".

Domain 9 Health and safety at work

All EU Member States face the challenge of protecting and promoting health and safety at work. ESIP agrees with the European Commission that new forms of work and the ageing population have led to new challenges. The tasks of workplace safety and workplace health promotion will become more complicated and more demanding. ESIP supports the Commission's demand for an adequate level of protection against all risks that workers might be exposed to in their work place, along with support for the implementation of prevention action, in particular in SMEs.

The role of the EU

In recent years, the EU has defined various core sets of standards in the sector of Occupational Safety and Health. At the same time, Member States retain the right to define national rules that go beyond the European minimum standards. Any European pillar of minimum standards should respect this principle so that it doesn't lead to a common levelling down of standards. A re-evaluation of the 24 EU safety and health directives is appreciated with the aim of assessing their current relevance, efficacy and coherence. In addition, the European system of Occupational Health and Safety could be updated. The EU could also provide a framework for the exchange of experiences regarding national initiatives and activities in areas highly relevant to safety and health policy: a good example of this is the Joint Action on Mental Health.

The unified European approach as regards product standards has contributed a lot to safety and health at work in the EU during the last years. Therefore, when negotiating international commercial/trade agreements, the EU approach must be safeguarded.

Domain 11 Integrated social services

With view to **rehabilitation**, structuring the specific responsibilities of the different providers, instead of centralising the process within one authority, allows for greater specialisation of competences and structures. In this way, appropriate services are provided to people with disabilities or at risk of disabilities that guarantee the most effective support in a specific situation. Cooperation between the providers needs to be regulated at national level to ensure a seamless process and facilitate access to the appropriate services by the person in need.

The experience of ESIP members shows that structured approaches that follow the aim of early and comprehensive rehabilitation involving all parties concerned lead to successful reintegration and participation.¹²

¹² Link to ESIP peer review:

<http://esip.eu/files/ESIP%20peer%20review%20vocational%20rehabilitation%20summary%20report%20final>.

Domain 12 Healthcare and sickness benefits

The European Union has clear responsibilities in the field of health. Their activities should ensure a high degree of health protection as well as support and complement the activities of the Member States. The primary responsibility of Member States for health and long-term care policy follows the principle of subsidiarity. This principle is highly valued both at national and European Union level. It involves, in the first place, solving issues autonomously at the place where they occur. Only when joint action is necessary, does the EU get involved.

Guaranteeing equal and timely access to preventive and curative care for all citizens and promoting the efficiency of our systems are essential and shared objectives for all Member States. The response to the challenges in this area needs to take into account national, regional and local particularities and public health priorities, and thus the Member States' competence to define, finance and organise their systems. Therefore, healthcare should not be included in the scope of the European Pillar of Social Rights, unless a high degree of subsidiarity is maintained.

The key challenges described by the European Commission do not apply to all Member States healthcare systems in the same way. The European Commission quite rightly refers to the ageing population and the high costs of treatments. However, the impact of demographic changes on the financial viability of healthcare systems should not be overemphasised, rather it should be rationally analysed (see answer to question 4).

Financial viability of healthcare systems

Securing long-term, stable financing of statutory health insurance might require reforms at national level. There is a gap between the development of the revenue base and the significant dynamic growth of healthcare expenditure. In order to guarantee the resilience of healthcare systems and their financial viability, additional structural reforms might become necessary, particularly in terms of expenditure. Due to the public service nature of healthcare, governmental regulations are needed to control market competition in order to reduce overcapacity and to optimise interfaces in healthcare.

An example of the high treatment costs mentioned by the European Commission is the cost of medicinal products. Due to technical evolution and the development of niche markets, costs for these have been increasing significantly over the past years. In order to maximise saving potential, Member States must remain competent to perform clinical and economic benefit assessments on new medicinal products as well as for those already on the market, and to use them as a basis of their pricing and reimbursement strategy.

Demographic trends and developments in population structures

With respect to changes in population structure, the question for **health care** systems is how comprehensive, high-quality healthcare can continue to be guaranteed, in particular in rural areas. Given the increasing number of people who require care and a generally assumed lack of healthcare specialists, one of the key challenges in long-term nursing care is to recruit and retain suitable staff. Given the freedom of movement in the European Single Market, the recruitment and retention of healthcare and nursing specialists is a joint challenge. The EU Directive for the Recognition of Professional Qualifications has established appropriate conditions that ensure diverse and suitable

access to health and nursing care professions. In order to respond flexibly to changing needs in nursing care, the competence spectrum for nursing staff should be further developed. Meaningful indicators should also be developed to initiate improvements in the quality of nursing care.

Cost-effective care, health promotion and disease prevention

In their preliminary outline, the European Commission has stressed the role played by health promotion and disease prevention for the resilience and financial sustainability of health care systems. ESIP agrees with the importance of health promotion and disease prevention. However, early intervention actions are largely aimed at improving the quality of life of insured persons. They are unlikely to lead to significant cost savings, as suggested by the European Commission - at least in the short or medium term. The sustainability of our healthcare systems depends largely on other organisational factors e.g. increased efficiencies in healthcare.

Access to healthcare

The European Commission has declared that every citizen should have timely access to high-quality preventive and curative healthcare, and that the need for health care should not lead to poverty or financial strain. ESIP agrees with this objective. The European Commission has stated that high treatment costs and long waiting times play a substantial role in people not receiving access to medical care. This analysis cannot be generalised. In particular, waiting times for patients do not necessarily cause fundamental problems regarding access.

Innovation in the area of pharmaceuticals and medical devices

Recent developments in the area of innovative pharmaceuticals and medical devices as well as the development of personalised medicine represent remarkable medical and therapeutic progress. The same developments, however, may jeopardise the financial sustainability of public health care systems in Europe and risk to exclude patients from necessary care in many European countries. Thus, the current European model for innovation in the area of pharmaceuticals and medical devices has to be scrutinised and critically examined (e.g. as regards steering research and development towards public health needs, intellectual property rights, transparency of data and clinical trials, market authorisation, pricing and reimbursement; see ESIP position on access to innovative medicines of October 2015)¹³

Technological change

At European level, there is an opportunity to tap into potential, to jointly analyse problems when digitalising **healthcare** and to learn from one another. The development and implementation of e-health and m-Health solutions can benefit the health care systems by improving access to care and quality of care and by making the health sector more efficient. The new technologies, however, raise important questions with regards to protection of personal data, interoperability of the systems as well as acceptance from the side of patients and healthcare providers. During developments healthcare and long-term care insurance funds must not be regarded solely as payers; they should be included with other stakeholders in drafting the contents of digital projects, particularly in order to be able to assess the benefits and risks of new applications. This is the only way that beneficial technological change in the health and long-term care sector can occur and find

¹³ <http://www.esip.eu/files/ESIP-AIM%20Joint%20position%20on%20access%20to%20innovative%20medicines.pdf>

wide acceptance. To do this, double structures in the Member States and the EU must be avoided and a clear delineation of competences must be respected.

Sickness benefits

The European Commission is asking for all employees, regardless of their employment contract, to receive sickness benefits of an appropriate size in the event of an illness. ESIP agrees since the aim of sickness benefits is to allow the patient and their financial dependents to maintain their previous standard of living and to restore their health and capacity for work as much as possible.

Role of the EU

In the European Union there is a delineation of responsibilities for social and health policy. The Member States are responsible for structuring and financing their health and long-term care systems; the European Union has a complementary and supporting function. This principle of subsidiarity has to be safeguarded. The rights of insured persons and patients in the event of illness or long-term care are comprehensively and clearly regulated by the Regulation on the Coordination of Social Security Systems, by the Directive on Patients' Rights in Cross-Border Healthcare, and by national law.

So the European Union has clearly outlined responsibilities. Their activities should ensure a high degree of health protection as well as support and complement the Member States, for example, through the exchange of good practices.

This means among others: The European Union is contractually obliged to take into account aspects of social and health **policy in all policy areas**. This also applies to initiatives for policies concerning the Single Market, competition and trade. In this regard, there must be a social and health impact assessment which examines new laws proposed by the European Commission and their effect on the statutory health and long-term insurance system and on health policy. The European Commission must carry out this impact assessment and make the results transparent. In a further legislative process, the European Parliament and Council should take into account social and health consequences as part of its deliberations and proposed amendments.

As part of the **European Semester**, the European Commission annually reviews the budget and reform plans of the Member States; the aim is to secure national budgetary discipline and competitiveness. The European Union's reports and recommendations also discuss the topic of health and long-term care policy. However, irrespective of a general assessment of the EU's recommendations, fiscal and growth aspects should not be at the forefront of health policy, but rather access to health services, their quality and efficiency and, thus, the benefits for patients and contribution payers.

Peer reviews should be increasingly used for the **health and long-term care** sectors. The aim of peer reviews is the better exchange of best practices which promote mutual learning processes regarding approaches to policy and practice as well as facilitate bilateral transfer. Peer reviews normally take place as seminars in the host country with experts from three to four peer-review countries together with representatives from the European Commission and European interest groups. The host country's practice example is presented, results are collected, documented and disseminated, so that other countries can make use of this.

The European Union has additional powers in the areas of **medicinal products and medical devices**. Medicinal products are authorised at European level, medical devices are placed on the market based on EU law and common safety and quality standards are specified.

In terms of medicinal products, ESIP has formulated its requirements at European level in its position paper of October 2015¹⁴. These joint demands include that research and development of medicinal products which are of particular interest for public health should be supported by public funding first and foremost. The central role of the Health Technology Assessment (HTA) for market access and pricing of medicinal products should be strengthened. This can be done through support from the EU, for example, through exchanging information and experiences as well as through developing transparent evaluation instruments. Ultimately, the institutions in the Member States who are responsible for pricing and reimbursements should be strengthened. Member States who want this should be able to consider voluntary cooperation regarding price negotiations and the procurement of medical products. Increased transparency is another concern, particularly with regard to clinical trial data, research and development costs, and costs and expenditures for medical products.

When working together on benefit assessments (HTA), procedures must comply with the requirements set in national social laws including standards and criteria for assessments. Price negotiations must continue to be a national responsibility so that the unique characteristics of a country's healthcare system can be taken into consideration.

In the event of an illness during a temporary stay in another European country, the **European Health Insurance Card (EHIC)** allows people with statutory insurance to have access to all benefits in kind that are medically necessary, based on the type of service and the expected duration of stay. ESIP believes that this card must be further developed in order to improve its acceptance. Healthcare providers must also be made more aware of their duty to accept the EHIC. Showing the exact start and end date for the card's validity period would also make it easier to allocate costs for services provided on the basis of the EHIC. For this a reasonable transition period is essential in order to balance costs and benefits.

Settling healthcare costs incurred abroad with the institution that the person is insured with must be made more effective. The European Union must protect the financial interests of contribution payers, establish additional control instruments for meeting deadlines and for billing and enforcing claims and provide for fair burden-sharing in the framework of cross-border health care reimbursement.

Domain 13 Pensions

The aim of national pension systems is to guarantee an adequate living standard, keeping in mind the long-term sustainability of the system. Faced with different national economic, demographic and social conditions, legally binding measures at EU level on how national systems achieve these aims are not the right way ahead.

In particular, a European rule linking the statutory pension age automatically to rising life expectancy is not acceptable. Member States may decide to introduce "automatic" parameters in their relevant pension rules on age and pension formulae. But the last "say" must be that of the national democratic legislator, the national parliament. It is desirable that all old, non-active members of society dispose of a certain minimum income. It is however up to the Member States to decide about the level of that minimum income and to what extent they are provided by pension or social assistance schemes. The added value of European "action" in this context is not evident.

¹⁴ <http://www.esip.eu/files/ESIP-AIM%20Joint%20position%20on%20access%20to%20innovative%20medicines.pdf>

As long as certain forms of employment are not covered by mandatory pension insurance, the result could be a higher risk of old-age poverty. Hence, the compulsory inclusion of self-employed people into old-age pension schemes would seem a reasonable measure for reducing the risk of individual shortcomings concerning social security during old age. How this is to be implemented needs to be investigated and decided at national level, depending on the respective circumstances in that Member State. However, in particular with view to new forms of work (for instance internet-platforms), a mutual exchange at EU level on good practices could be very helpful.

In pension systems linked to employment, gender related pension gaps are basically the result of different levels of participation by men and woman, as well as gender pay gaps. In order to reduce the gap, prior responsibility lies with labour market and wage policies. They should be supported by measures that help to reconcile work and family obligations. In addition, appropriate consideration of periods spent as care-giver could help alleviate the gender pension gap to a certain extent.

Role of the EU

The normative framework for the Social Pillar regarding social security and the modernisation of social protection systems is set out in Article 153, paragraph 1, points c and k, and paragraph 2 of the TFEU. Article 153, paragraph 2, point a) “forbids any harmonisation of the laws and regulations of the Member States” and Article 153, paragraph 2, point b) allows only “minimum requirements for gradual implementation, having regard to the conditions and technical rules [...] in each of the Member States”. Setting minimum standards in the field of social security and protection (among others) require a unanimous vote in the Council. In our view, there is no need for legal changes to the TFEU or for any additional action at EU-level with regard to pensions.

Domain 14 Unemployment benefits

Whether the EU should act in this field depends on the measures that will be used. ESIP generally agrees with the challenges, principles and EU activities in this field. However, ESIP would not support the introduction of a European level unemployment system.

Domain 15 Minimum income

The EU should reinforce the fight against poverty and social exclusion insofar as recommendations etc. in the framework of the European Semester and in EU financial governance are based on a common understanding of the social minima that are held to be necessary to fight poverty and promote social inclusion. The aim of a Social Europe should be towards upward convergence and lower minimum standards. Benchmarking that takes into account the financial and budgetary capacities of the respective Member States will be particularly relevant in this matter.

In addition, minimum income needs to be complemented by activation measures. It must however be acknowledged that in some situations, employment is not the panacea to the fight against poverty (c.f. in-work poverty), other measures must be provided: e.g. social services that allow people experiencing extreme poverty to be able, in a long term prospective, to access the labour market, as well as services to support people with caring responsibilities whether for a child or a disabled relative.

Domain 16 Disability

With regard to rehabilitation and reintegration in case of disability, ESIP agrees that it is important to maintain and to restore the work capacity of people and their participation in social life. Several Member States provide rehabilitation services and benefits. The aim is to counteract or overcome the effects of a disease or physical, mental, or emotional disability on a person’s earning capacity. In

this way, (re)integration into professional life can be facilitated. Benefits that present an obstacle to employment are incompatible with this objective.

A comprehensive person-centred approach, that starts rehabilitation and reintegration as early as possible has been proven successful within the Member States systems of social security.¹⁵

ESIP notes that a legal framework and proposals at European level already exist that deal with the rights of persons with disabilities and the issue of accessibility. The UN Convention on the Rights of Persons with Disabilities (UNCPRD) has been signed by the EU and there are also the proposals for a European Accessibility Act as well as for the Accessibility of public sector bodies' websites. In particular, implementation of the rights of the UNCPRD by the EU could create an added value for persons with disabilities also in the field of social security. On the other hand, the proposals put forward in the communication on a Social Pillar remain fragmented and not sufficiently comprehensive in this respect.

In cross border contexts an added value could be achieved for persons with disabilities or persons that are in the process of professional reintegration through clear rules set out in the coordination Regulation (EC) No 883/2004. It is currently not clear, even among the Member States authorities, whether activation measures are covered by the coordination Regulation. For persons with disabilities or persons seeking professional training and retraining it is therefore not guaranteed that they can benefit from measures offered by social security schemes in cross border situations.¹⁶

Domain 17 Long-term care

ESIP agrees with the European Commission that the ageing population will be accompanied by an increase in the number of people who require long-term care and increased demand for long-term care services. This affects both home-based and facility-based services. The increase in the number of very old people is particularly associated with an increase in the number of people suffering from cognitive impairments and dementia.

When looking at the situation in different Member States, ESIP cannot agree with the global European Commission's statement that there are insufficient long-term care facilities. However, in the future the individual support needs for every single person, particularly with regard to cognitive and psychological limitations, will play a growing role. Organising long-term care needs to take into account national, regional and local particularities, cultural heritage and political preferences. Therefore, ESIP disagrees with the drafted scope for the European Pillar of Social Rights concerning long-term care, unless a high degree of subsidiarity is maintained.

Finally, ESIP welcomes the European Commission's proposed amendments to the Regulation on the Coordination of Social Security Systems in the area of long-term care.

Domain 18 Childcare

Benchmarks and minimum standards are particularly relevant in the field of childcare. They must promote access to quality facilities and/or services. With regard to the issues of quality, in order to

¹⁵ Link to ESIP peer review:

http://esip.eu/files/ESIP%20peer%20review%20vocational%20rehabilitation%20summary%20report%20final.pdf?bcsi_scan_e09ff2199bb3916e=0&bcsi_scan_filename=ESIP%20peer%20review%20vocational%20rehabilitation%20summary%20report%20final.pdf

¹⁶ See ESIP Position paper

<http://esip.eu/files/ESIP%20position%20paper%20on%20activation%20measures.pdf>

set benchmarks and minimum standards, reference must be made to the key principles set in the European Quality framework for early childhood and education elaborated by the EC working group on the topic (2014)¹⁷. As well, stronger reference must be made to the social investment feature of spending dedicated to early childhood facilities. Furthermore, the issue of child poverty must be linked not only to childcare but to family and child benefits which play a major role in reducing child poverty. Therefore, with view to the European Semester, we call on the Commission not to recommend that Member States cut family benefits.

Finally, the European Commission's communication on the Social Pillar fails to mention inequality in the access to childcare provisions. We consider this a major issue which needs to be addressed.

¹⁷ http://ec.europa.eu/dgs/education_culture/repository/education/policy/strategic-framework/archive/documents/ecec-quality-framework_en.pdf