



# Statistical reports for 2017 on social security coordination

Free movement of persons would not be possible without the guarantee that citizens do not lose their social security protection when moving to another country in Europe.

In order to protect the social security rights of persons moving within Europe, common rules were established at EU level in order to coordinate the different national systems of social security. These rules apply in the 28 EU countries, Iceland, Liechtenstein, Norway and Switzerland (hereafter referred to as "Member States").

These rules cover anyone who moves to another Member State to settle permanently, work temporarily or study, and even those who are travelling to take a holiday. The purpose of these rules is to ensure that persons exercising their right to free movement are not adversely affected by the application of the different national legislations.

Such coordination does not harmonise the national social security schemes. All Member States are free to decide who is to be insured under their legislation, which benefits are granted and under what conditions. However, Member States need to observe common rules and principles when applying their national laws.

Under these rules, mobile persons:

- are covered by the legislation of one Member State at a time so they only pay contributions in one Member State;
- have the same rights and obligations as the nationals of the Member State where they are covered;
- when claiming a benefit, their previous periods of insurance, work or residence in other Member States are taken into account if necessary; and
- if they are entitled to a cash benefit from one Member State, they may generally receive it even when living in a different Member State.

This system has been in place since 1959 and has been updated throughout the years. It is currently contained in [Regulations \(EC\) No 883/2004 and \(EC\) No 987/2009](#).

In this system, Member States play an active role. They meet regularly in the Administrative Commission for the Coordination of Social Security Systems ("Administrative Commission") in order to deal with administrative questions and issues of interpretation concerning the social security coordination rules.

The work of the Administrative Commission also includes a collection of statistical data in order to assess the functioning of the social security coordination rules. Such data have been collected in the following areas:

1. Applicable social security legislation
2. Cross-border healthcare
3. Unemployment benefits
4. Family benefits
5. Cross-border old age, survivors' and invalidity pensions
6. Collection of outstanding contributions and recovery of unduly paid social security benefits
7. Measures to tackle fraud and error

On the basis of such data, the Network Statistics FMSSFE<sup>1</sup> compiles statistical reports under the supervision of the Commission's Directorate-General for Employment, Social Affairs and Inclusion. Draft reports are submitted to the Administrative Commission for discussion and approval.

Statistical reports for 2017<sup>2</sup> which have been approved by the Administrative Commission are now accessible on the website of DG Employment, Social Affairs and Inclusion. The following sections present the main findings of these reports.<sup>3</sup>

## **1. Applicable social security legislation**

As mentioned above, the EU social security coordination rules are based on the principle that insured persons are covered by the social security legislation of only one Member State at a time. This prevents a person from being left without protection, or having double coverage in a cross-border situation. The person is entitled to benefits, if any, in the Member State where he/she pays contributions.

Normally, the applicable legislation is the one of the Member State where the person pursues an employed or self-employed activity.

Specific rules apply where an employee is sent to another Member State in order to carry out a service on a temporary basis ("posting") or where a person pursues an activity in several Member States. These persons can prove by means of the portable document A1 ("PD A1") that they pay social security contributions in another Member State. This implies that they do not fall under the social security scheme of the Member State of (temporary) employment.

### Summary of data:

- In 2016, 2.3 million PDs A1 were issued to persons insured in a Member State other than the Member State of (temporary) employment
- The overall number of PDs A1 increased by 12% compared to 2015

<sup>1</sup> The Network Statistics on Free Movement of Workers, Social Security Coordination and Fraud and Error (Network Statistics FMSSFE) is an independent research network composed of expert teams from HIVA (KU Leuven), Milieu Ltd, IRIS (UGent), Szeged University and Eftheia bvba.

<sup>2</sup> The statistical reports established in 2017 relate to reference year 2016 (i.e. covering the developments between 1 January and 31 December 2016).

<sup>3</sup> These findings should be read in conjunction with the more detailed explanations in the relevant statistical reports (including limitations on scope, available data etc.).

- Posting represents in general less than 1% of national employment, although there is a strong concentration of PDs A1 issued in the construction sector

## **2. Cross-border healthcare**

There are several situations where persons receive healthcare in a different Member State than the one in which they are insured, as outlined in the following sections.

### **2.1 *Unplanned cross-border healthcare***

Unplanned cross-border healthcare arises when a person receives necessary healthcare during a temporary stay outside the Member State of insurance. For instance, a need for medical treatment may arise during holidays.

In this situation, the person can use the European Health Insurance Card ("EHIC") to prove entitlement to healthcare in the Member State of temporary stay. Depending on how the healthcare system of that Member State is organised, the person may or may not need to pay upfront the necessary costs for healthcare. In case the person does not pay upfront, the Member State of insurance will reimburse directly the Member State of temporary stay.

Summary of data:

- More than 9 out of 10 reimbursement claims are settled directly between the Member States. This shows the added value of having an EHIC: insured persons do not need to pay upfront for the necessary healthcare they receive
- On average, about 0.1% of the total healthcare treatment expenditure of the reporting Member States is related to necessary healthcare treatment during a temporary stay abroad
- As regards the number of persons having a valid EHIC, strong differences in coverage exist among Member States

### **2.2 *Planned cross-border healthcare***

Planned cross-border healthcare arises when a person is insured in one Member State and travels to another Member State in order to receive medical treatment.

In this situation, the person can prove entitlement to healthcare in the Member State of temporary stay by using the portable document S2 ("PD S2").

Summary of data:

- Member States reported that they received around 50,000 PDs S2 in 2016
- On average, 10 out of 100,000 insured persons used a PD S2
- Proximity seems to be an important factor, as roughly 8 out of 10 PDs S2 are issued to receive a scheduled treatment in a neighbouring Member State

### **2.3 Persons who reside in a Member State other than the competent Member State**

Cross-border healthcare also arises when a person is insured in another Member State than the one where the person resides and is provided with healthcare.

For instance, where a cross-border worker residing in France and working in Luxembourg receives healthcare services in France, those services will be reimbursed by Luxembourg as the Member State of insurance. Similarly, pensioners living abroad will receive healthcare in their Member State of residence at the expense of the Member State of insurance.

In this situation, the person can prove entitlement to healthcare in the Member State of residence by using the portable document S1 ("PD S1"). The healthcare provided in the Member State of residence is reimbursed by the Member State of insurance.

#### Summary of data:

- Around 1.4 million persons are registered for healthcare in their Member State of residence by means of a PD S1. This implies that on average 0.3% of insured persons do not reside in the Member State of insurance
- Some 70% of the PDs S1 were issued to persons of working age and their family members while pensioners and their family members account for around 30%
- Healthcare provided to persons residing in a Member State other than the Member State of insurance amounts on average to 0.3% of the total spending on healthcare treatment of reporting Member States

## **3. Unemployment**

### **3.1 Aggregation of periods for unemployment benefits**

As a principle, unemployed workers will claim unemployment benefits in the Member State of last activity. In some cases, their period of insurance, employment or self-employment in that Member State is insufficient to be entitled to an unemployment benefit according to national laws. In that case, additional periods they have completed in other Member States may be considered.

In this regard, portable document U1 ("PD U1") certifies periods of insurance, employment or self-employment completed by a person in another Member State that are to be taken into account for the award of unemployment benefits.

#### Summary of data:

- Such aggregation of periods was reported by 26 Member States in approximately 39,000 cases.
- This number accounts for 0.2% of total unemployment in the reporting Member States and for 4% of the annual flow of intra-EU/EFTA mobile workers of working age to these Member States

- In 2 out of 3 cases, the workers already completed a period of insurance, employment or self-employment of more than three months in the Member State of last activity

### **3.2 Export of unemployment benefits**

An unemployed person who wants to look for employment in a different Member State than the one that pays the unemployment benefit may take this benefit with them for a limited period of time.

Portable document U2 ("PD U2") grants the person concerned an authorisation to export the unemployment benefit to another Member State to seek work there for a period of three months. The competent Member State may, however, extend this period up to a maximum of six months.

Summary of data:

- Authorisations to export unemployment benefits were reported by 29 Member States in approximately 28,000 cases
- A PD U2 was issued for approximately 2 out of 1,000 unemployed persons. Roughly 1 in 10 of the unemployed persons with a PD U2 found work abroad
- The prolongation of the export period results in a higher percentage of unemployed persons finding employment abroad

## **4. Family benefits**

When family members live in a Member State other than the one where the insured person works or resides, family benefits can in some cases be exported to these family members.

Summary of data:

- 22 Member States reported the export of family benefits to some 539,000 households or 909,000 family members
- On average 1.5% of the households entitled to a family benefit live abroad
- The total spending on the export of family benefits increased in several Member States while it decreased in other Member States.

## **5. Cross-border old age, survivors' and invalidity pensions**

Persons are entitled to a partial pension from every Member State where they were insured for at least one year, provided they fulfil the conditions under national law.

The application for a pension is to be sent to the institutions of the so-called "contact Member State", i.e. the Member State of residence or the Member State in which the person was last insured. The contact Member State liaises with the other Member States in which the claimant was insured.

Once the contact Member State received all decisions of the relevant Member States, it sends the claimant a summary of those decisions by means of the portable document P1 ("PD P1").

Summary of data:

- On average 2.8% of the total number of pensioners reside abroad.
- Total spending for this group of pensioners amounts to 0.6% of the total amount of pensions paid
- Approximately two-thirds of the PDs P1 issued concern old-age pensions, while the remainder covers survivors' and invalidity pensions

## **6. Collection of outstanding contributions and recovery of unduly paid social security benefits**

Where social security contributions are outstanding or where social security benefits were provided unduly, Member States may assist each other in cross-border situations.

For that purpose, a Member State may request another Member State to provide information useful in the recovery of its claims relating to contributions or to unduly provided benefits. Moreover, a Member State may request another Member State to collect contributions and recover unduly provided benefits.

Summary of data:

- Some Member States submitted a high number of requests for recovery, while other Member States submitted no or only a limited number of requests for recovery<sup>4</sup>
- Most of the 2016 requests for recovery of unduly paid social security benefits were already settled in 2017
- In general, most of the requests for recovery concern unduly paid family benefits

## **7. Measures to tackle fraud and error**

In the field of social security, measures are taken to combat and reduce the instances of unintentional mistakes or omissions to act ('error') and intentional unlawful acts or omissions to act ('fraud').

In the Administrative Commission, Member States have established a voluntary framework for increased cooperation in order to combat fraud and error in cross-border situations. Such cooperation relies in particular on the exchange of information and good practices.

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<sup>4</sup> These findings do not include more specific agreements that Member States may agree upon in order to recover undue benefits.

Summary of data:

- While all reporting Member States have undertaken efforts to fight fraud and error in cross-border situations, improvements remain necessary as regards the prevention and early detection of fraud and error and as regards the administrative cooperation and information exchange between Member States
- The efforts undertaken by reporting Member States concentrate on strengthening the information exchange and cooperation between national authorities as well as the authorities in other Member States
- A predominant concern amongst Member States relates to the delay in or absence of cooperation or exchange of data between the competent institutions of the respective Member States

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